MARCH 22ND, 2023

Avio Presentation
Star Conference, Milan

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Agenda

- **Avio profile**
- Market updates
- Business update
- Financials

Avio : propulsion for space and defence

AVIO

250 € Mln
Mkt Cap
~45%
Free Float

1,200
Employees
4%
Mgmt Share

European heavy launcher
(10.5 tons in GTO)
Avio: Strap-on boosters

Ariane 6
NEW 2023

Tactical Propulsion Systems

Vega C
NEW 2022

European light launcher (2.3 tons in LEO)
Avio: System integrator

The launch segment : the gateway to the Space economy

Global space value chain (2021)






Launch[1,2] *$ 5.7bn*

Satellites *$ 13.7bn*

Ground[3] *$ 142bn*

Services[2,4] *$ 118bn*

End users

Government $ 107bn

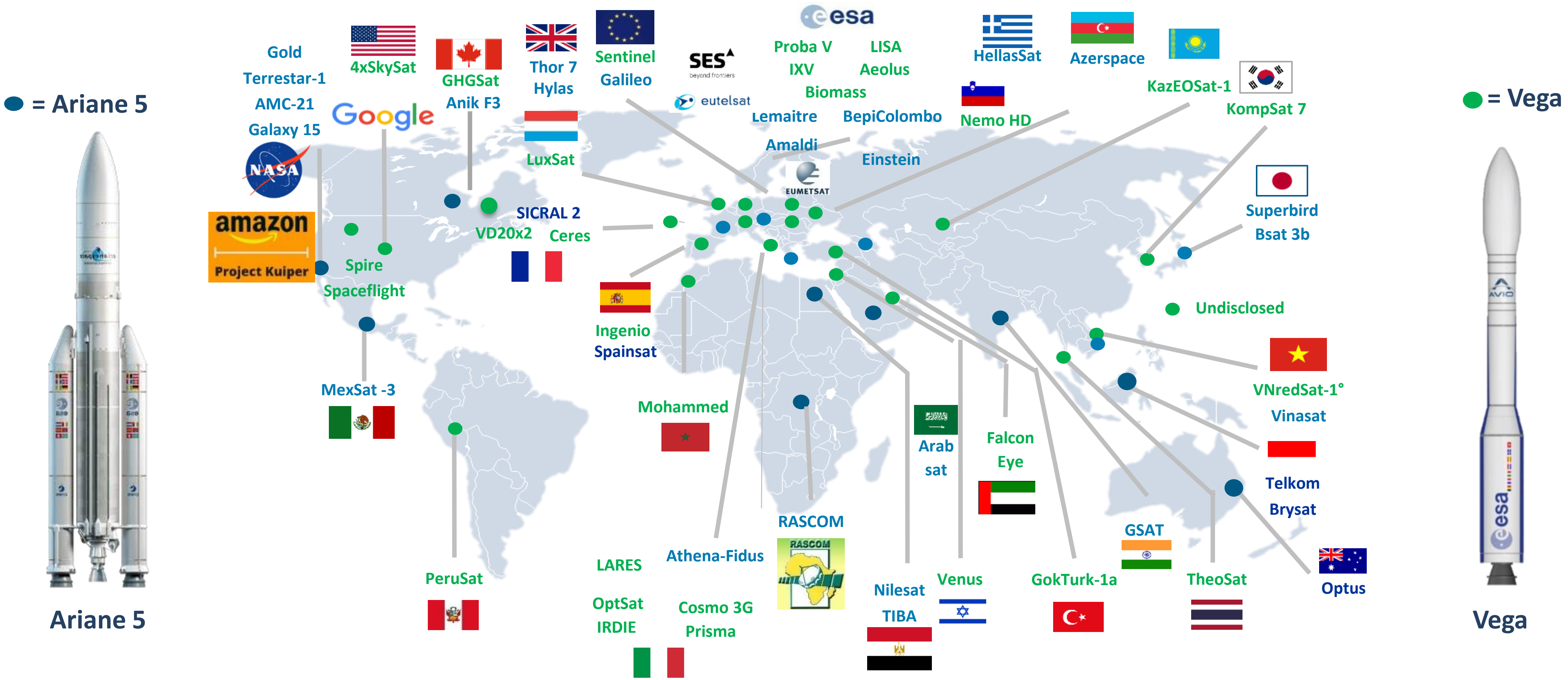
Source: Satellite Industry Association (2022)

(1): Includes launcher manufacturing and launch service activities
(2): Commercial services revenues only

(3): Includes GNSS chipsets and Related
(4): Includes commercial humanflight

Global customer base

NOT EXHAUSTIVE



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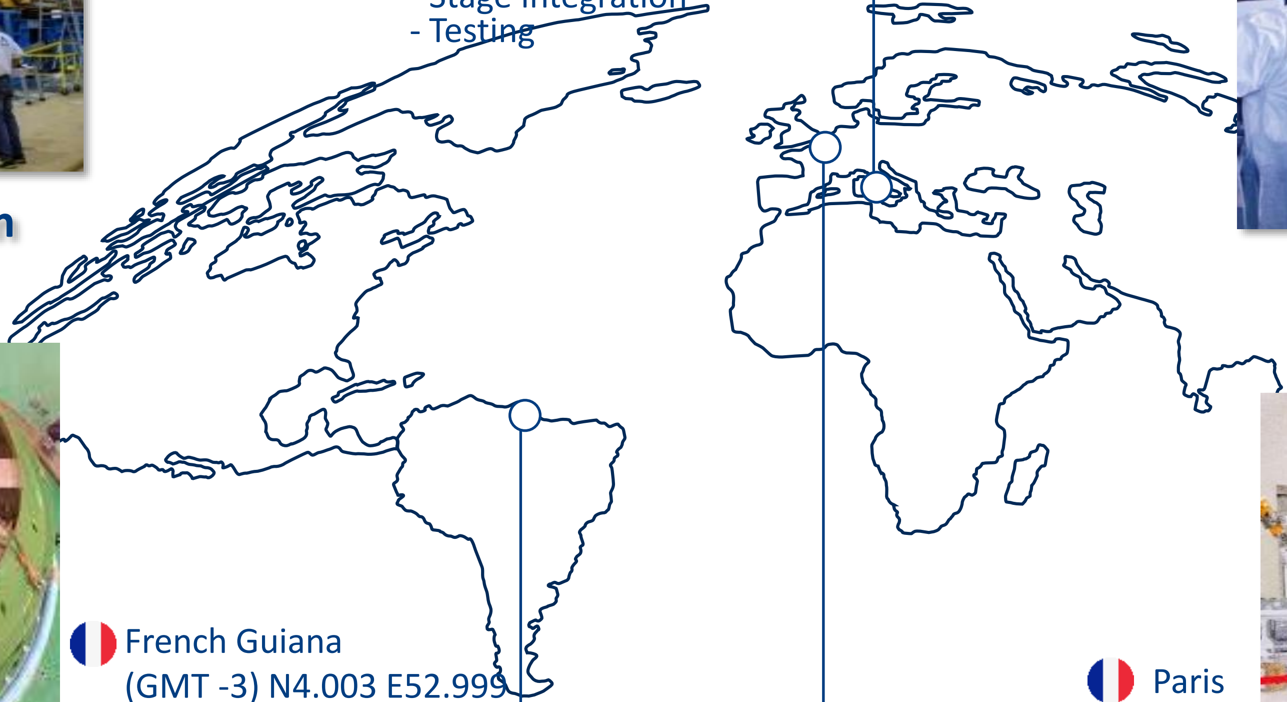
Industrial operations in Europe and French Guyana

Main stage integration

Colleferro, Rome
(GMT +1) N41.727 E13.0030

- SRM design, production
- Mission analysis
- Flight Software
- Stage integration
- Testing



SRM Manufacturing

Propellant casting

French Guiana
(GMT -3) N4.003 E52.999

Avio runs three facilities at th e European Spaceport :

- SRM casting and integration
- Vega launcher operation

Paris
(GMT +2) N48.856 E2.351
Large SRM design/integration

Upper stage integration

55 years of track record in Space launch

Avio Product history

Ariane 1-3

Separation engines

1968

Ariane 4

9 tons Boosters

1988

Ariane 5

230 ton Boosters

1996

Vega

Complete launch system

2012

Vega C

Ariane 6

Two launch systems with a common first stage engine

2022

2023

IFD

Space Rider

Vega E

Coordinated family of products and applications

2026

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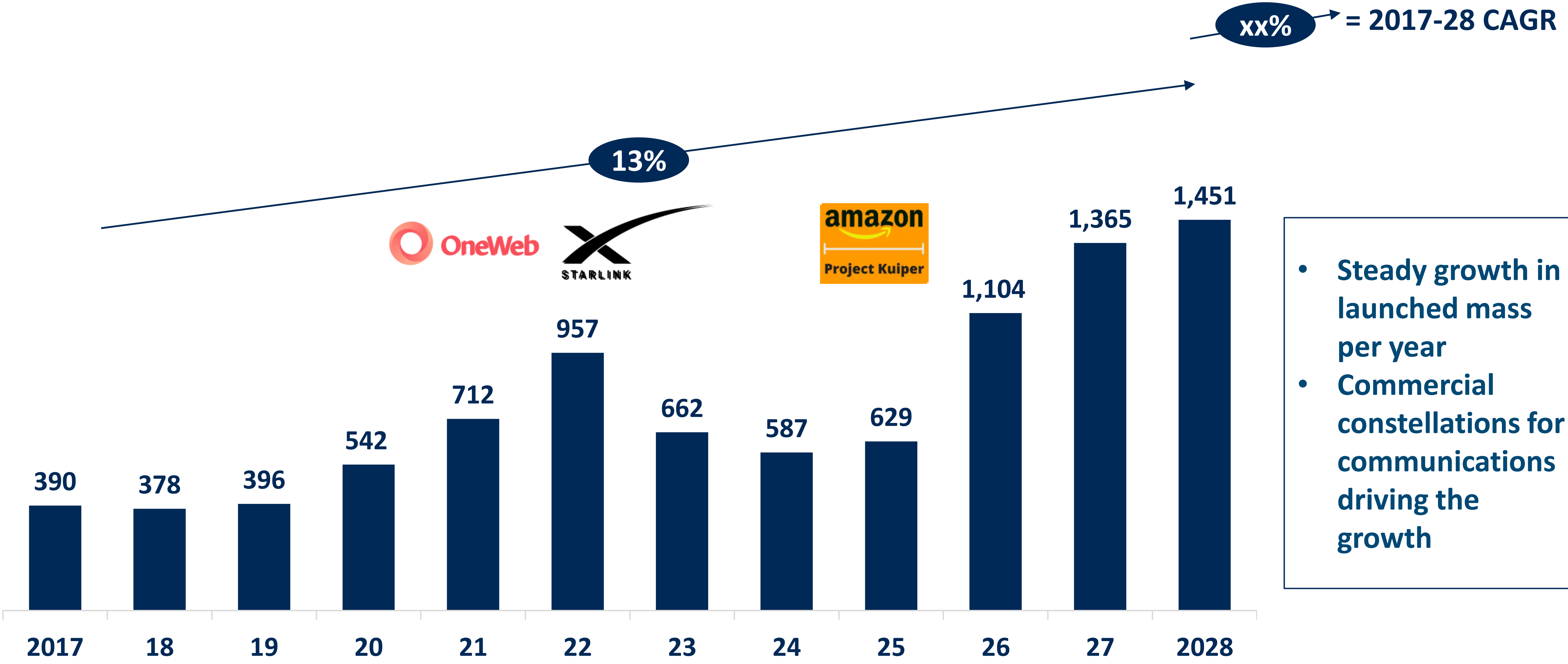
AVIO

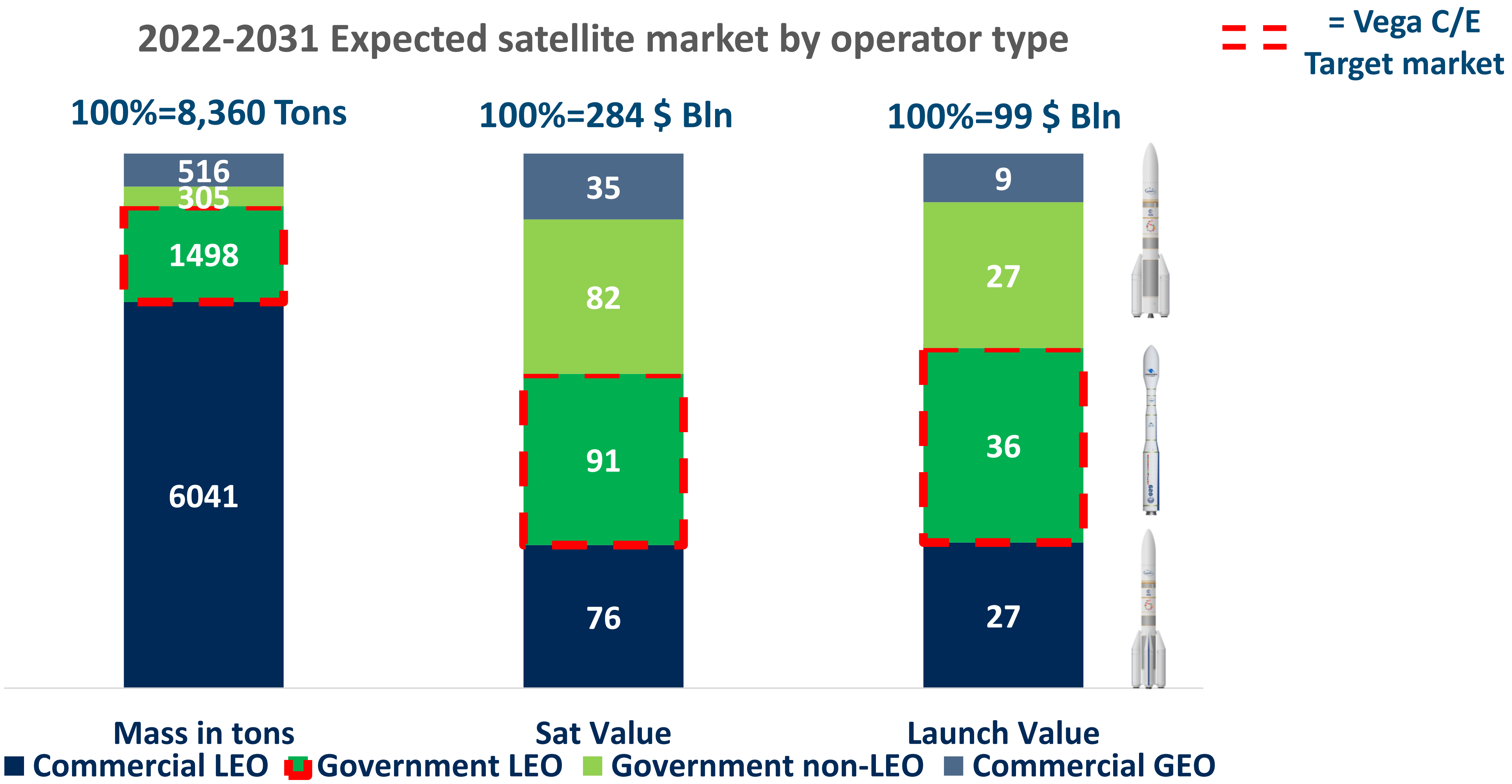
Steady growth in launch rates and launched mass at global level



- Steady growth in launched mass per year
- Commercial constellations for communications driving the growth

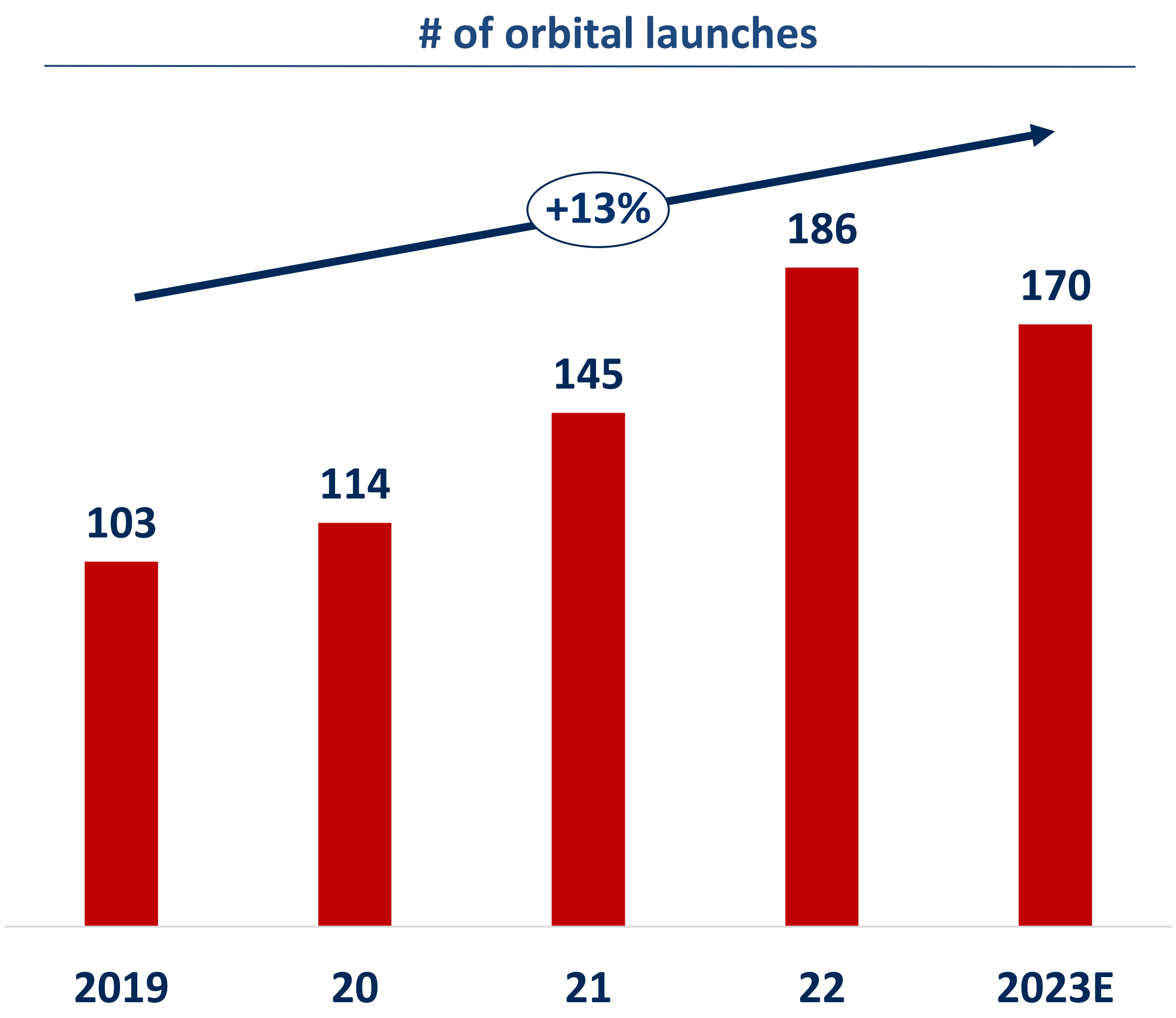
Source : Avio Analysis on Gunter's space Data; Euroconsult

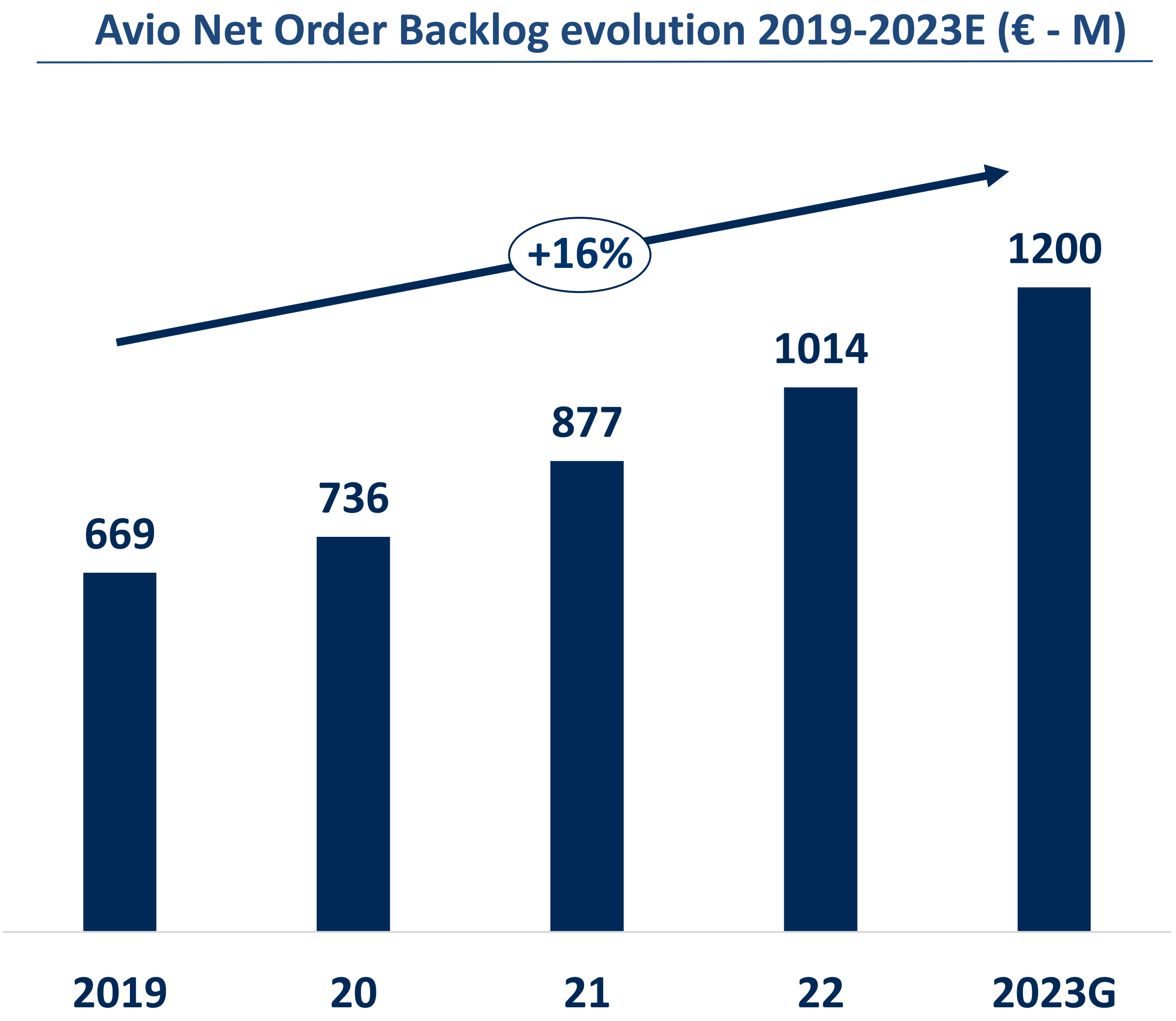
Future launch market value is concentrated on Government LEO sats



Excludes Academic and niche markets. Source : Avio Analysis on Gunter's space Data; Euroconsult

Evolution of the number of global launches and Avio backlog





2023G = 2023 Guidance

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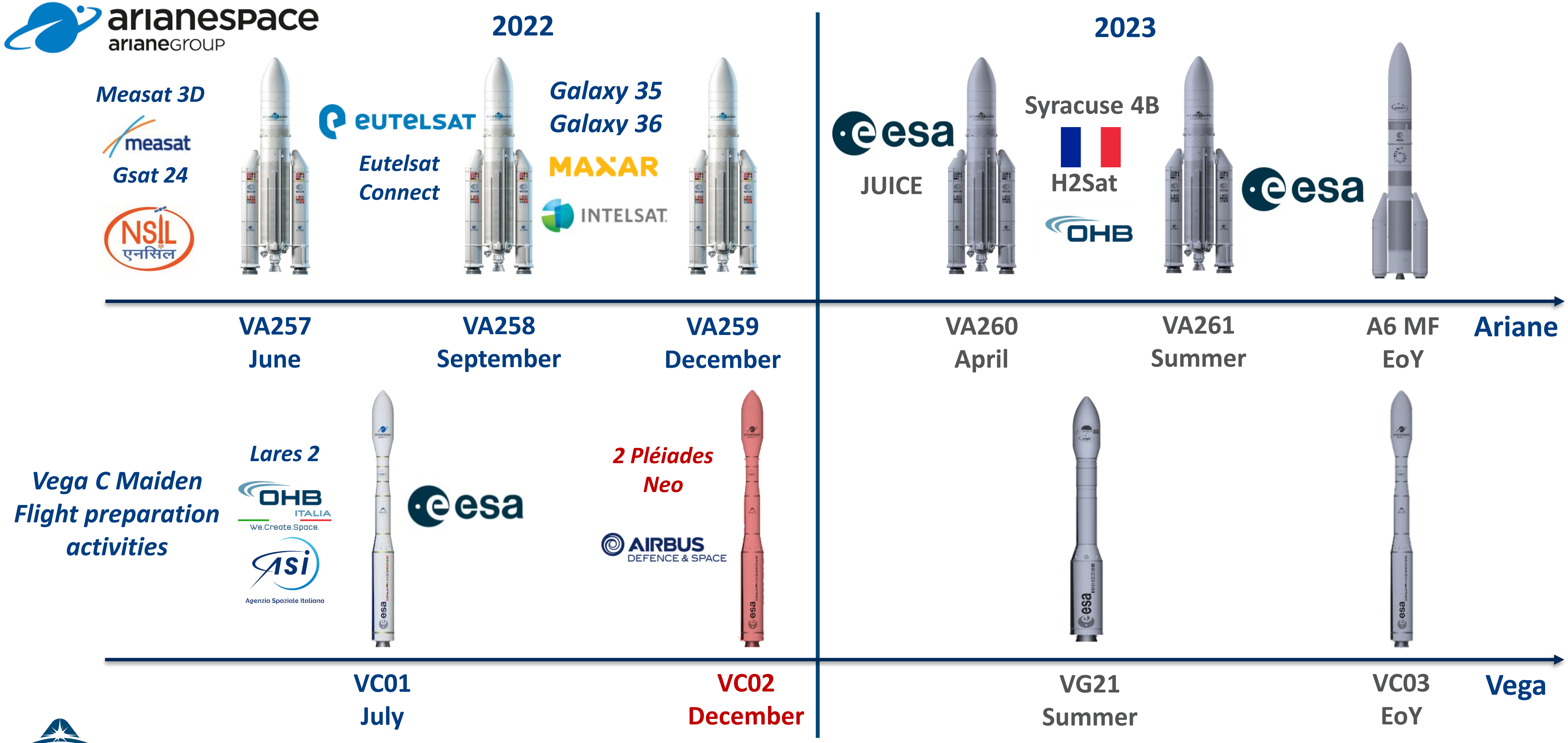
2022-23 flight schedule



SOURCE: ESA, Arianespace, Press search

Successful Vega C Maiden Flight : a boost for its commercial appeal

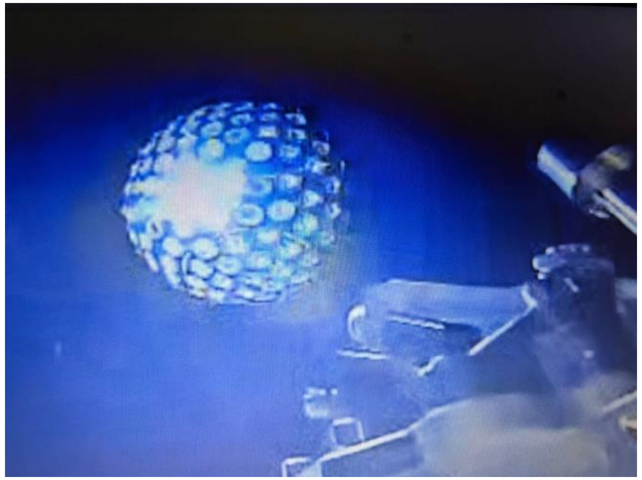
Vega C

Vega C lift-off

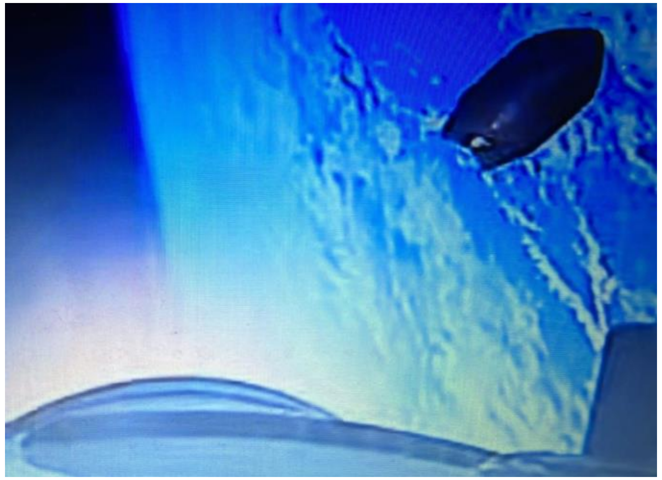
Stage separation

Mobile gantry visit

Mission Success : reached 5,893km altitude



Lares 2 satellite orbital injection



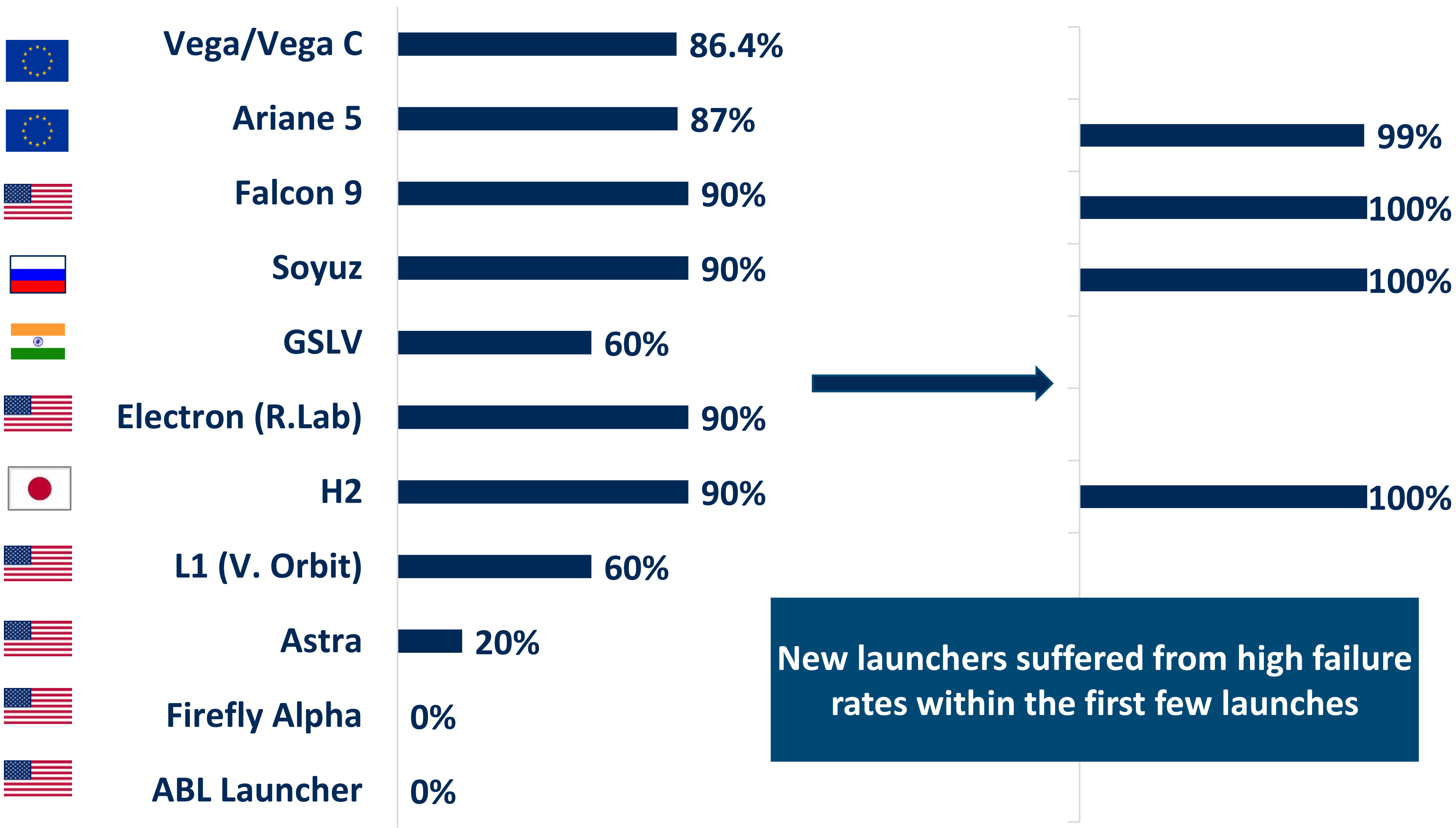
Payload fairing separation

SOURCE: ESA, Web search

Launchers reach product maturity after ~30 flights

Reliability launch 1-30

Reliability launch 30-onwards



New launchers suffered from high failure rates within the first few launches

VC02 anomaly and path to return to flight

Independent Enquiry Commission findings

- VC02 anomaly caused by an **over-erosion of the Z40 Carbon-Carbon nozzle throat insert** likely due to the inhomogeneity/weakness of the material
- The acceptance criteria used were not sufficient to detect the type of defect. However, **no weakness of Z40 design** has been revealed.
- **The launcher Safety System (SAS) behaved nominally**
- **The failure does not affect the Vega launcher** (with uses different material for Z23), which **will return to flight by the summer.**
- **Vega C launcher will return to flight by end 2023** with new C-C material (already ordered and in delivery now), after a static firing test of Z40
- A robust **Return-to-Flight plan** has been defined by the Commission. The European Space Agency announced a dedicated program to cover costs, funded with **~30M € drawn from available ESA funds**
- Risks associated with implementation of RtF plan accounted for within risk provisions in Avio accounts

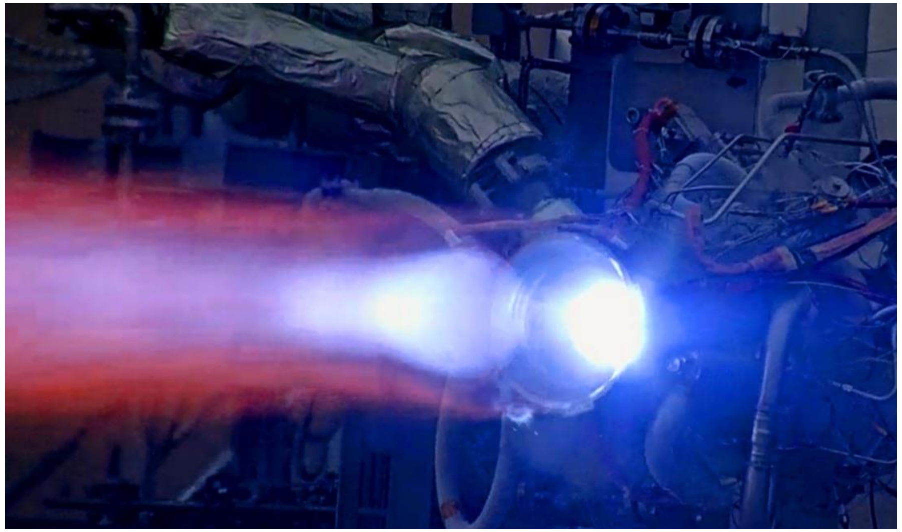
Nozzle throat

Z40 Nozzle

Successful tests of Vega E's M10 : 1st LOX-Methane engine in Europe

Vega E:

- M10 engine first prototype (DM1): first 24 firings completed in summer 2022
- More than 1,300 seconds of cumulative testing, all successful
- Development at completion funded at ESA 2022 MC
- Second set of static firing tests on development model 2 (DM2) in 2023

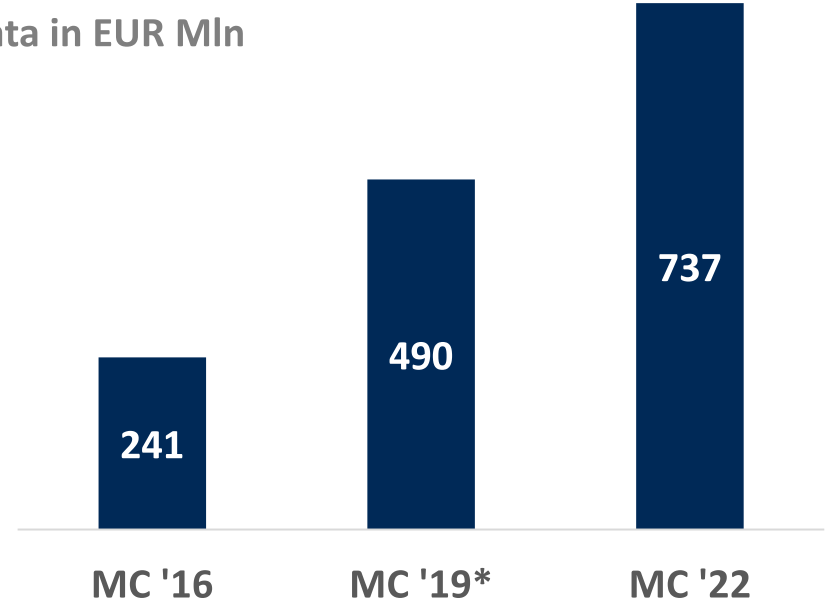


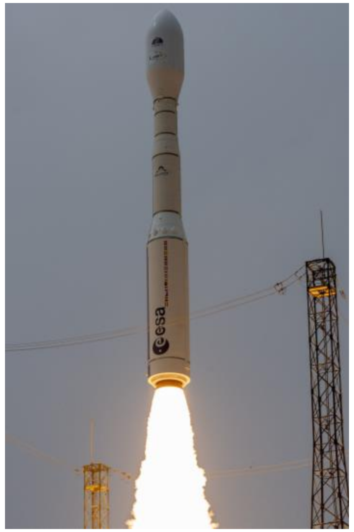
AVIO

700M € of new developments from ESA for new launcher products

ITA Launchers budget in ESA

Data in EUR Mln





Vega C Adaptation

Vega E Completion

P120C Performance upgrade

Space Rider at completion

Re-usable upper stage

€700 Mln new orders expected for Avio starting from 2023

*As announced at the 2019 ESA MC
SOURCE: ESA and ASI

Arianespace reached record-level backlog for Vega/Vega C

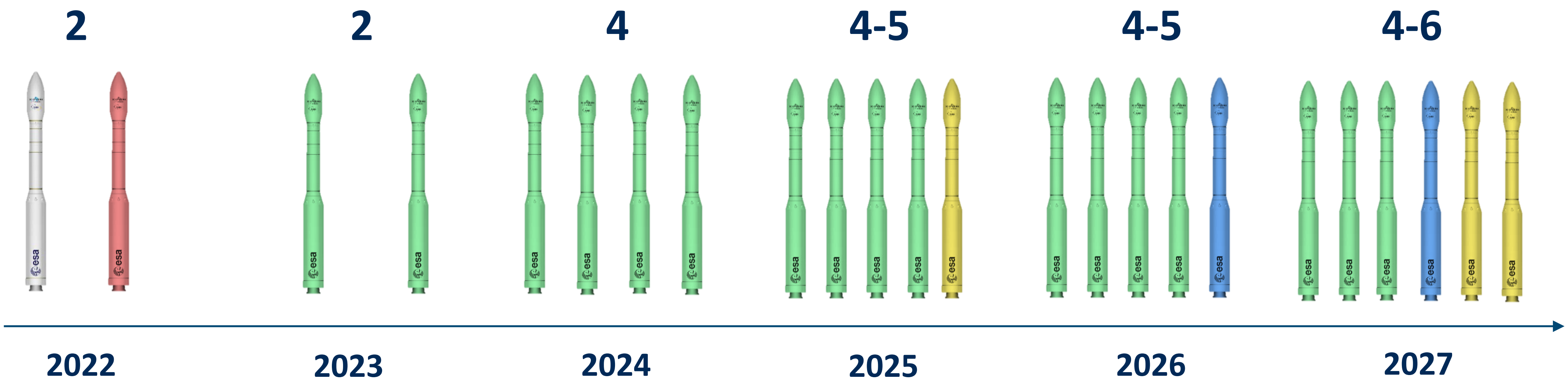
Booked

Under negotiation

Prospect identified

Launch contracts in backlog:

- ~20% Commercial/Export customers
- ~80% European Institutional Customers



Ariane 6 Maiden Flight slipped to the end of 2023

Ongoing A6 combined tests in Kourou

Hot firing test of the A6 upper stage in Lampoldshausen, Germany, October 2022

ESA-Ariangroup Press Briefing on October 2022 highlighting main upcoming milestones before Maiden Flight:

- Successful completion of Vinci test in Germany

- Successful Vulcain test and combined tests in French Guiana

- System Design review before launch

"Next Gen EU" projects to develop next-gen launcher technology

NEXT GEN EU

Ministero delle Imprese e del Made in Italy

esa

Space Transportation Systems (STS) : €185 M

- Technological demostrator of a LOX-Methane powered two stage to orbit small launcher
- Two experimental launches (single stage and two stage respectively)
- Composite cryo tanks, simplified Avionics (software-based) and non-pyro separation systems

High Thrust Engine (HTE): €100 M

- 60ton thrust class LOX-Methane engine
- Innovative thermodynamic cycle, delivering high specific impulse

AVIO

Incremental orders in the defense business anticipate further growth

ASTER 30 Booster

Medium-Range Air Defense:

- More than 2,000 units produced to date
- New Production Orders expected in H1 2023 >€ 80 M
- Additional demand in the coming years requiring extended production rate

CAMM-ER SRM

Short Range Air Defense:

- First Production Contract for IT MoD signed in Q1 2023 >€ 20 M
- Additional opportunities expected to be finalized within FY 2023

Teseo Mk2E Booster

New Anti-Ship Missile:

- Development contract signed in FY 2022 for >€ 10 M

Undisclosed

New Initiatives:

- Research Program ongoing for a new training system
- R&D for innovative propulsion systems for new European Defense Programs

Avio : medium-term opportunities outweigh short-term challenges

Opportunities	Challenges
• Vega C+/Vega E/Space Rider roadmap defined and funded at ESA MC 2022 • Vega backlog full until 2027 • Robust Ariane 6 flight backlog • Defense business growing • PNRR unique opportunity to stenghten product/technology base (STS, HTE) for competitiveness in the long term	• P120 slower than expected ramp-up in 2023-24 due to Ariane 6 delay • Vega C Return to flight post VV22 to slow down Vega production for 2023 • Energy prices and inflation volatility continues

FY 2023 Guidance

• Net Order Backlog	• Min €1,150M • Max €1,250M	• New orders expected for both development and production • ESA MC 2022 subscriptions and Italian PNRR contracts to turn into backlog
• Net Revenues	• Min €330M • Max €350M	• New development projects ramp-up (Vega E, Space Rider, VegaC+, liquid propulsion)
• EBITDA Reported	• Min €19M • Max €25M	• Enduring impact of inflation and under-absorption of fixed costs due to reduced production • Estimated impact of 6M non-recurring costs*
• Net Income	• Min €2M • Max €6M	• Marginal effect of financial charges and taxation

* Implying an Adjusted EBITDA of €25-31 M

Outlook beyond 2023

- Increasing backlog and net cash position **support expectation for double-digit revenue growth in 2024-27**
- Market **demand growing more than anticipated** (2X market growth by 2031) in both space launch and tactical propulsion – **full commercial backlog for Vega, Ariane and Aster**
- **Secured EU and ESA institutional funding support** across the decade for both Ariane and Vega development and production support activities
- PNRR (Next Gen EU) projects providing additional opportunity for **new strategic technologies and products** focus on **liquid propulsion** to open new markets
- Further opportunities coming for **defense and tactical propulsion** systems due to the evolution of the geo-political situation
- Improved scenario **for energy prices but still challenging for inflation**

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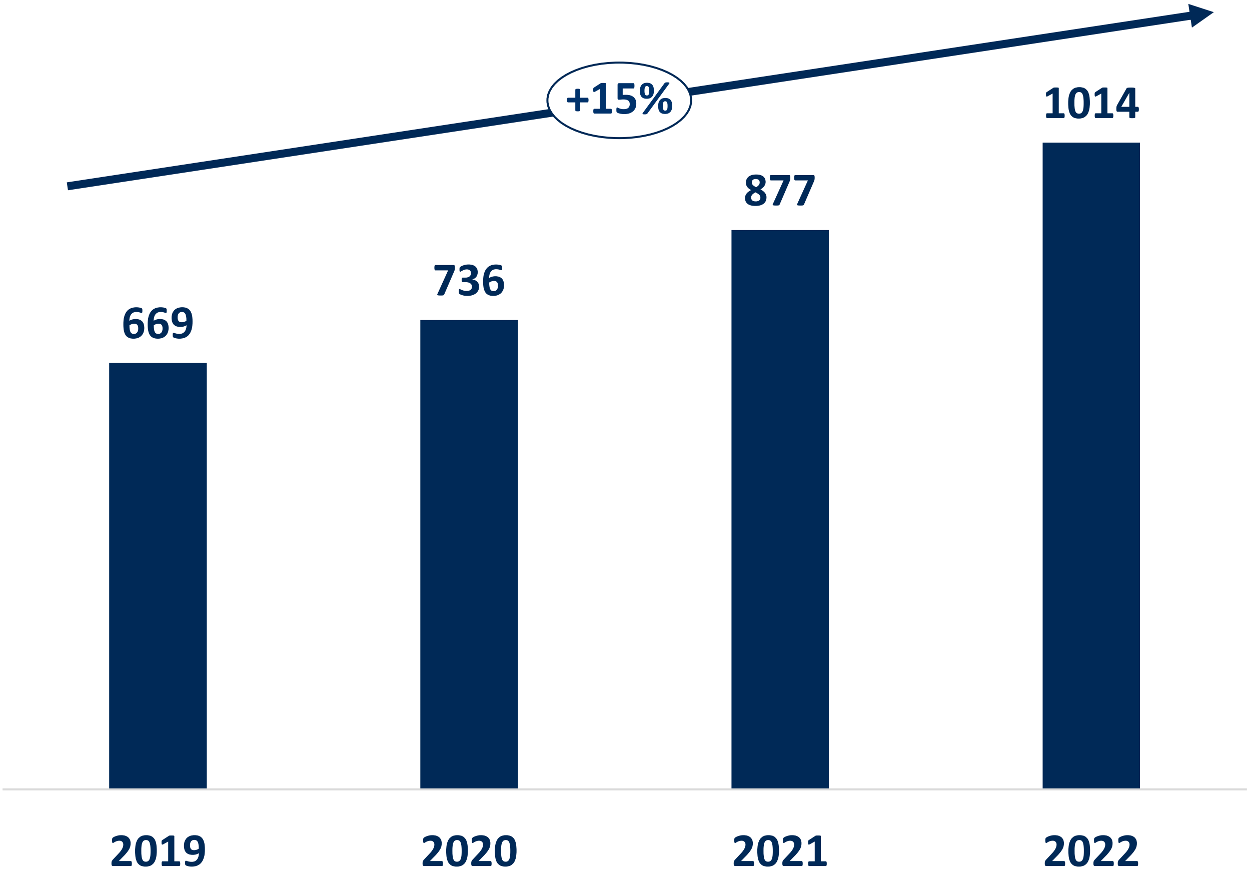
Net order backlog evolution 2019-2022

Net Order Backlog evolution 2019-2022 (€ - M)



Comments

New contracts signed in 2022 for ~€500M include:

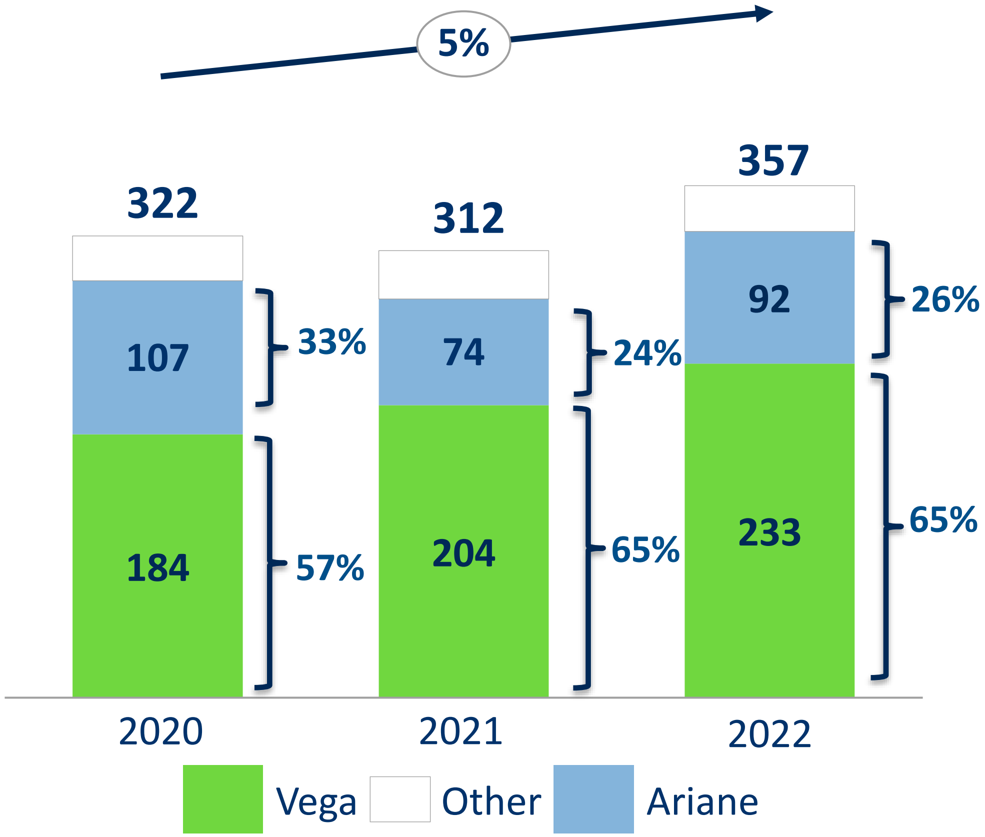
- Vega C Production B4 procurement and improvement program (~€200M)
- Vega C/E Development including PNRR contracts (~€80M)
- P120C production and development (~€100M)
- Tactical production and development (~€50M)

Order intake does not include:

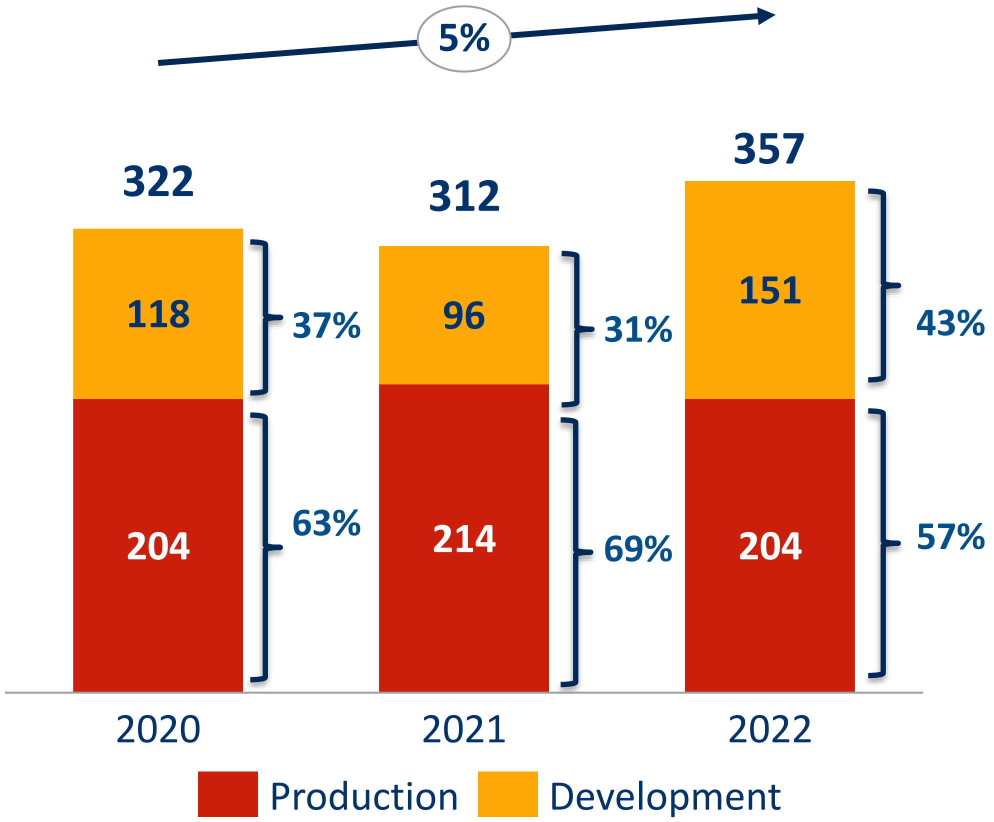
- Next Gen EU/PNRR signed yesterday for >285 € M
- Effects of 2022 ESA Ministerial Council

Net revenues evolution 2020-2022

by Line of Business (€ - M)



by Activity (€ - M)



Net Revenues higher than prior year for increase in Vega development and P120C activities, partially offset by lower Ariane 5 Production in phase-out

FY 2022 results vs 2021 and 2020

FY 2020	FY 2021	MAIN ECONOMICS	FY 2022
€ - M	€ - M		€ - M
322,0	311,6	NET REVENUES	357,3
35,2	30,0	EBITDA REPORTED	21,4
11,3%	8,4%	% on net revenues	6,0%
N/R 8.1	N/R 7.7		N/R 6.4
43,3	37,7	EBITDA ADJUSTED	27,8
13,9%	10,6%	% on net revenues	7,8%
15,9	8,9	EBIT REPORTED	2,2
5,1%	2,5%	% on net revenues	0,6%
24,0	16,6	EBIT Adjusted	8,6
7,7%	4,6%	% on net revenues	2,4%
15,4	8,6	PROFIT BEFORE TAXES	1,4
4,9%	2,4%	% on net revenues	0,4%
14,9	9,1	NET INCOME	1,3
4,8%	2,5%	% on net revenues	0,4%

Comments

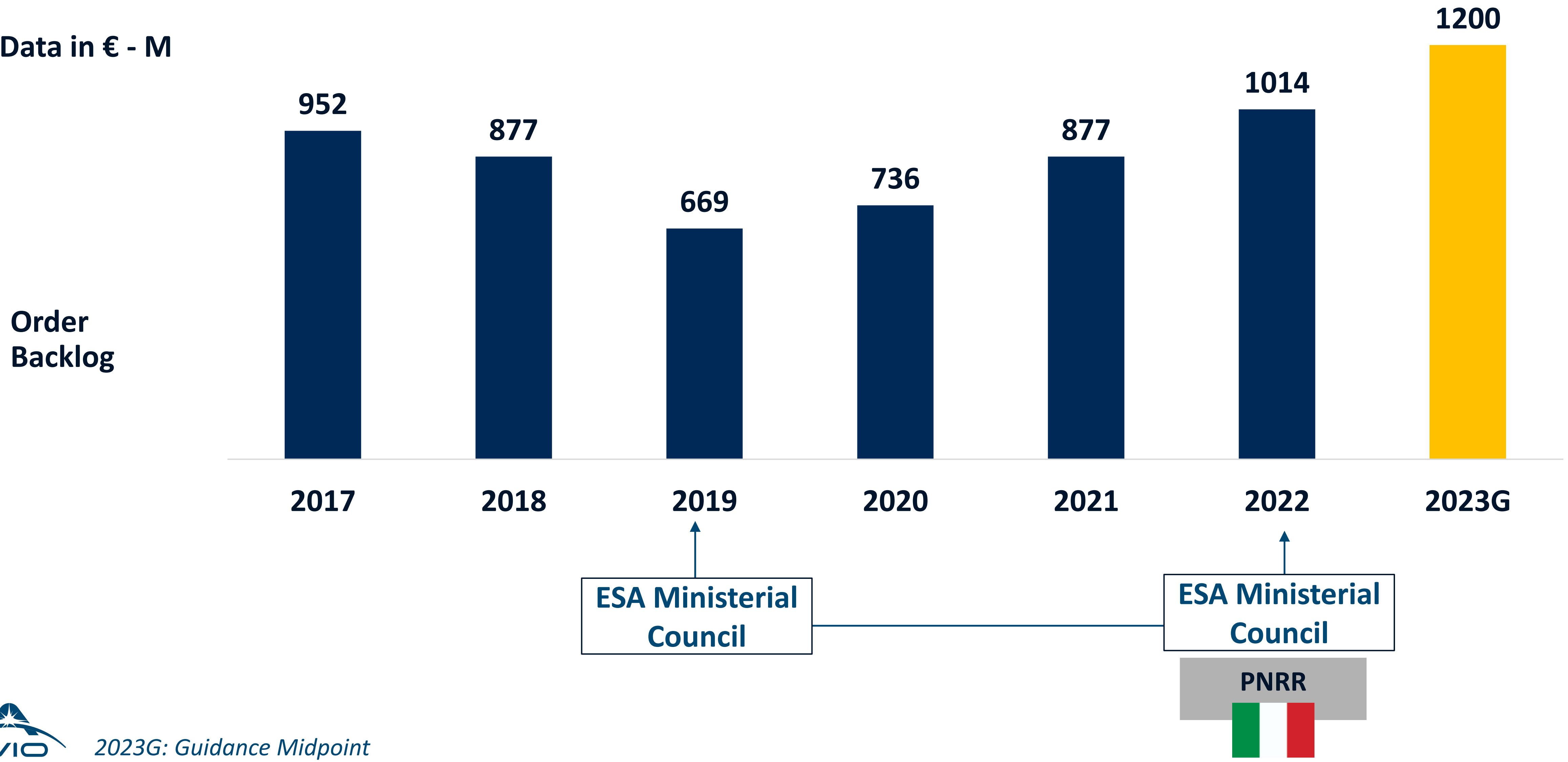
- Increase in revenues driven by development of Vega C, M10 engine for Vega E and Space Rider
- EBITDA lower than in 2021 for sharp increase in energy costs and inflation
- NR mainly for Vega C MF extra costs and including a 3,2 M€ one-off positive contribution (1)
- Decrease in Vega P80 depreciation
- Net income neutral tax effect

(1) One-off positive contribution resulting from other revenues from settlement of Law 808/85 payables, extraordinary provisions for risks for Vega C return to flight activities and for the execution of future programs . Law 808/15 concerns the public financial support for the development of certain projects in the aerospace and defense sector

AVIO

Order backlog historical trend and guidance 2023

Data in € - M

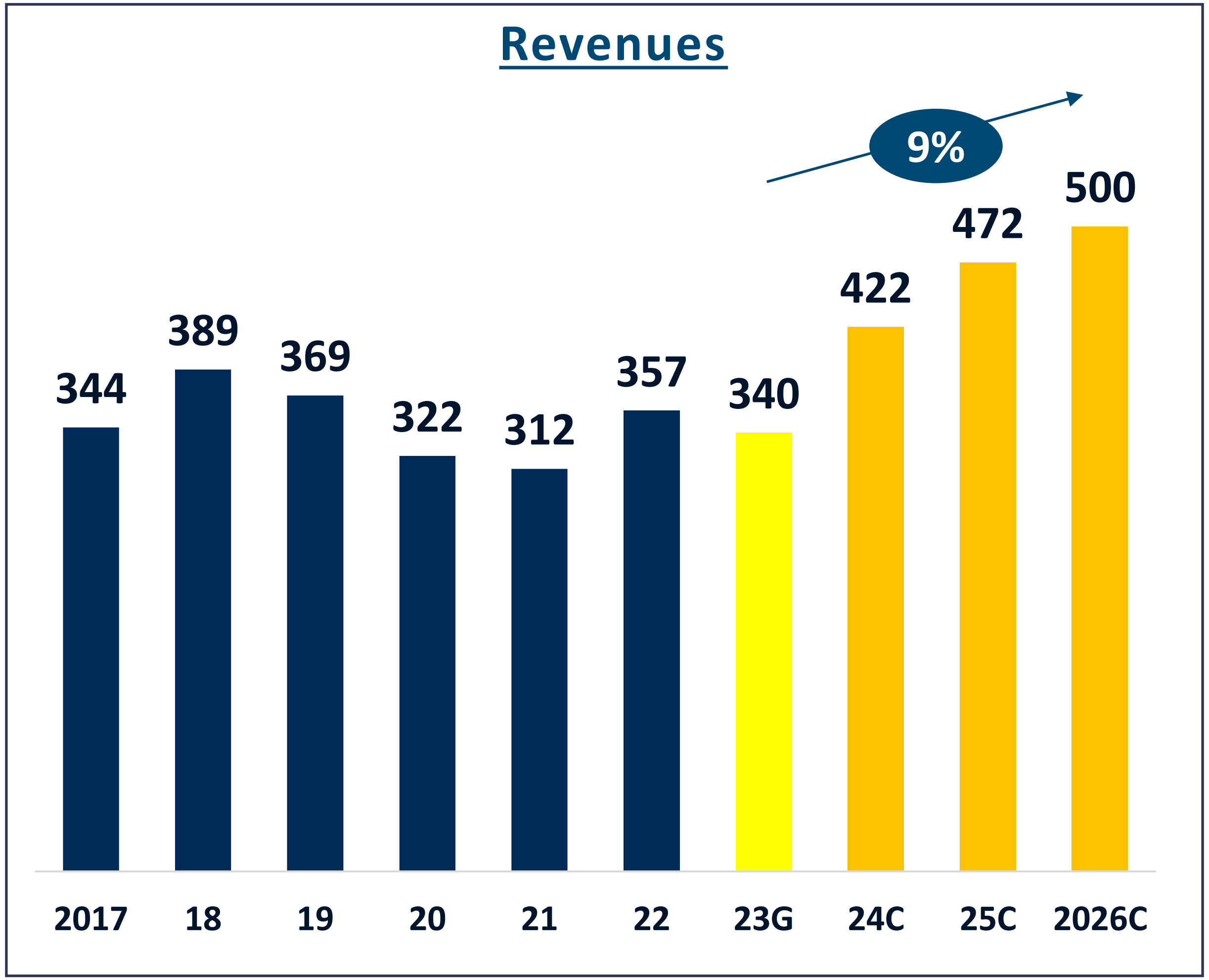


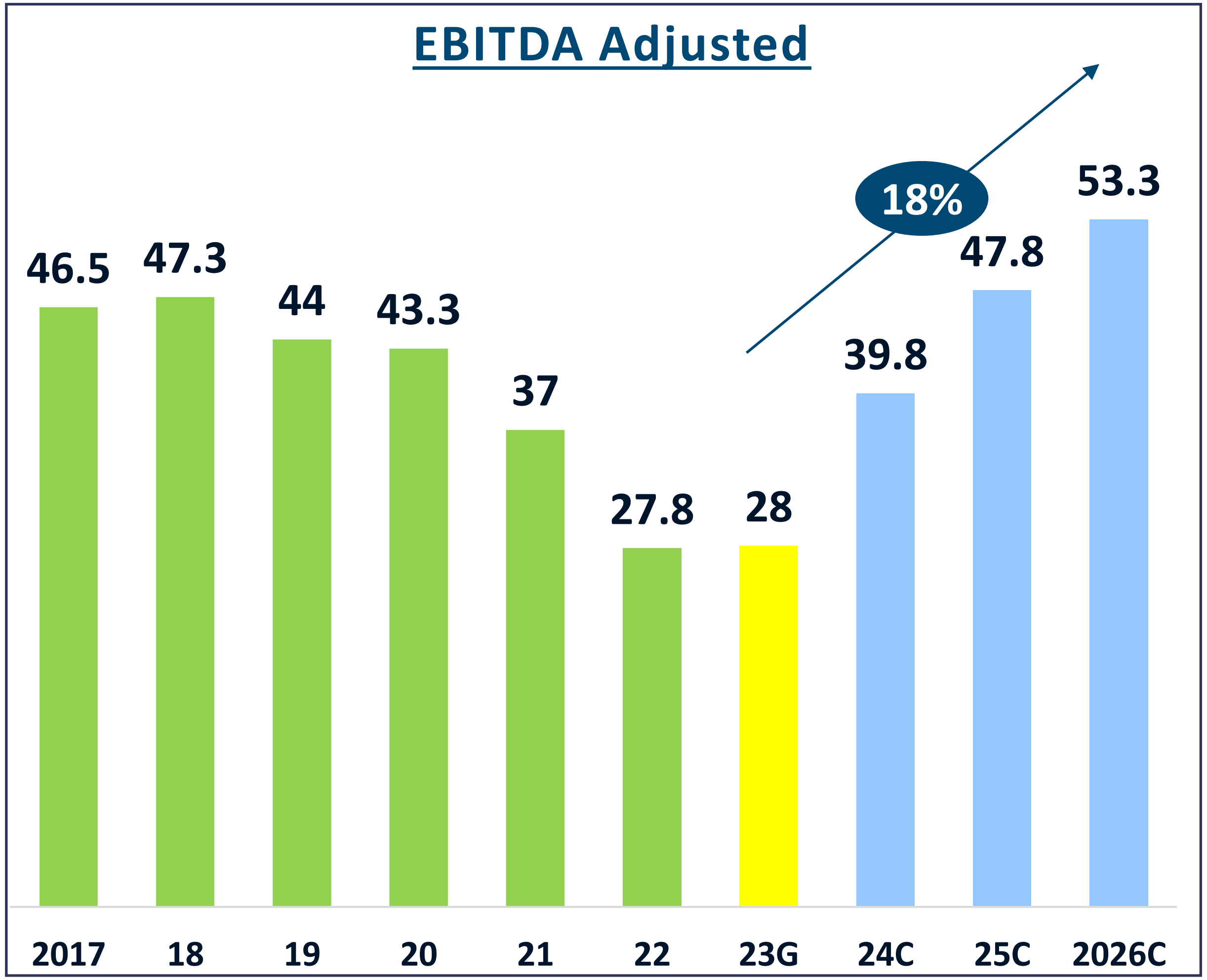
2023G: Guidance Midpoint

Revenues and Adjusted EBITDA historical trend, 2023 Guidance and consensus

Data in Euro Mln

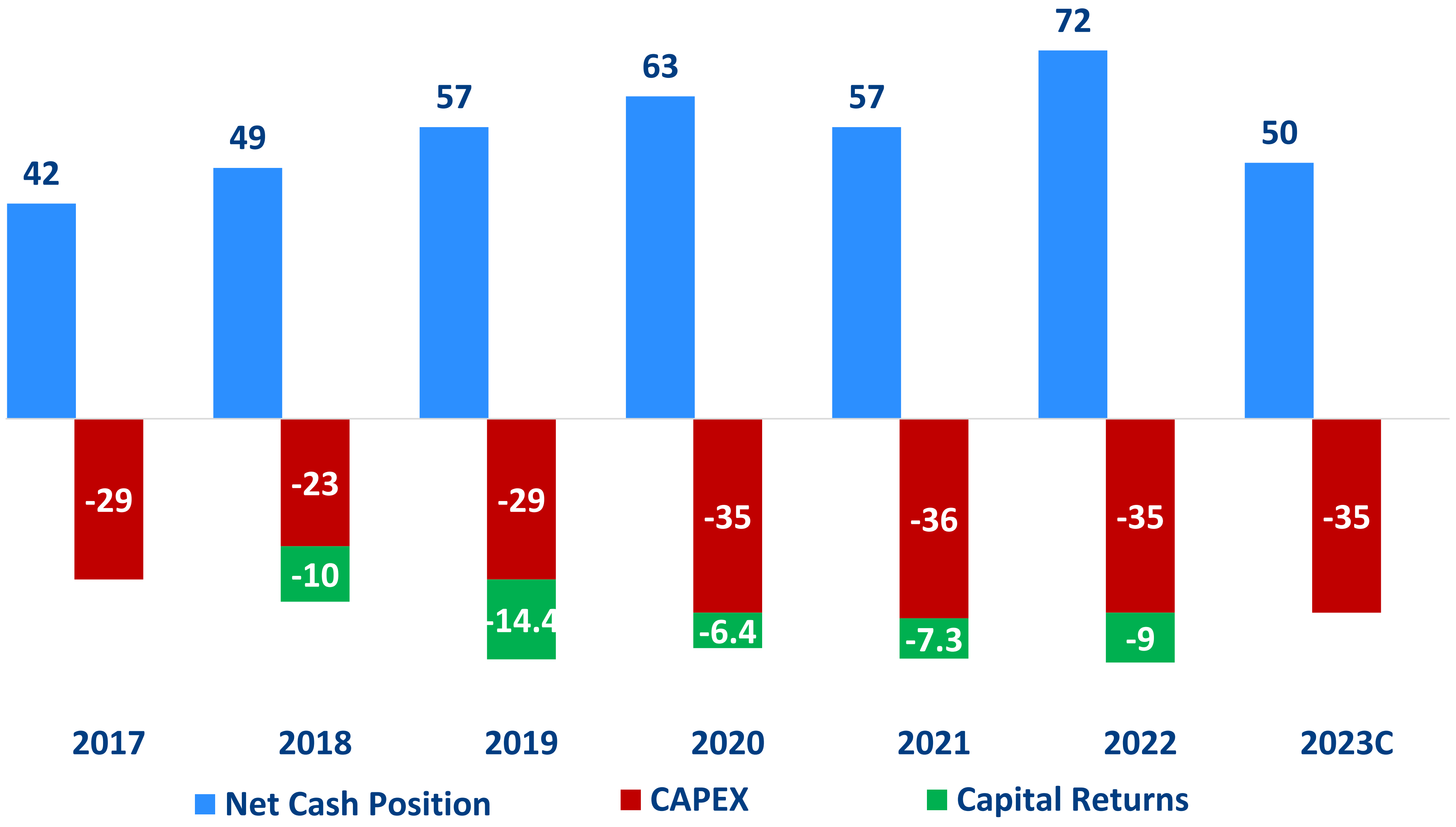
xx% = 2022-26 Exp. CAGR





2023G: Guidance Midpoint; *202XC: Analysts' consensus estimates*

Sustained Cash generation for CAPEX and returns to shareholders

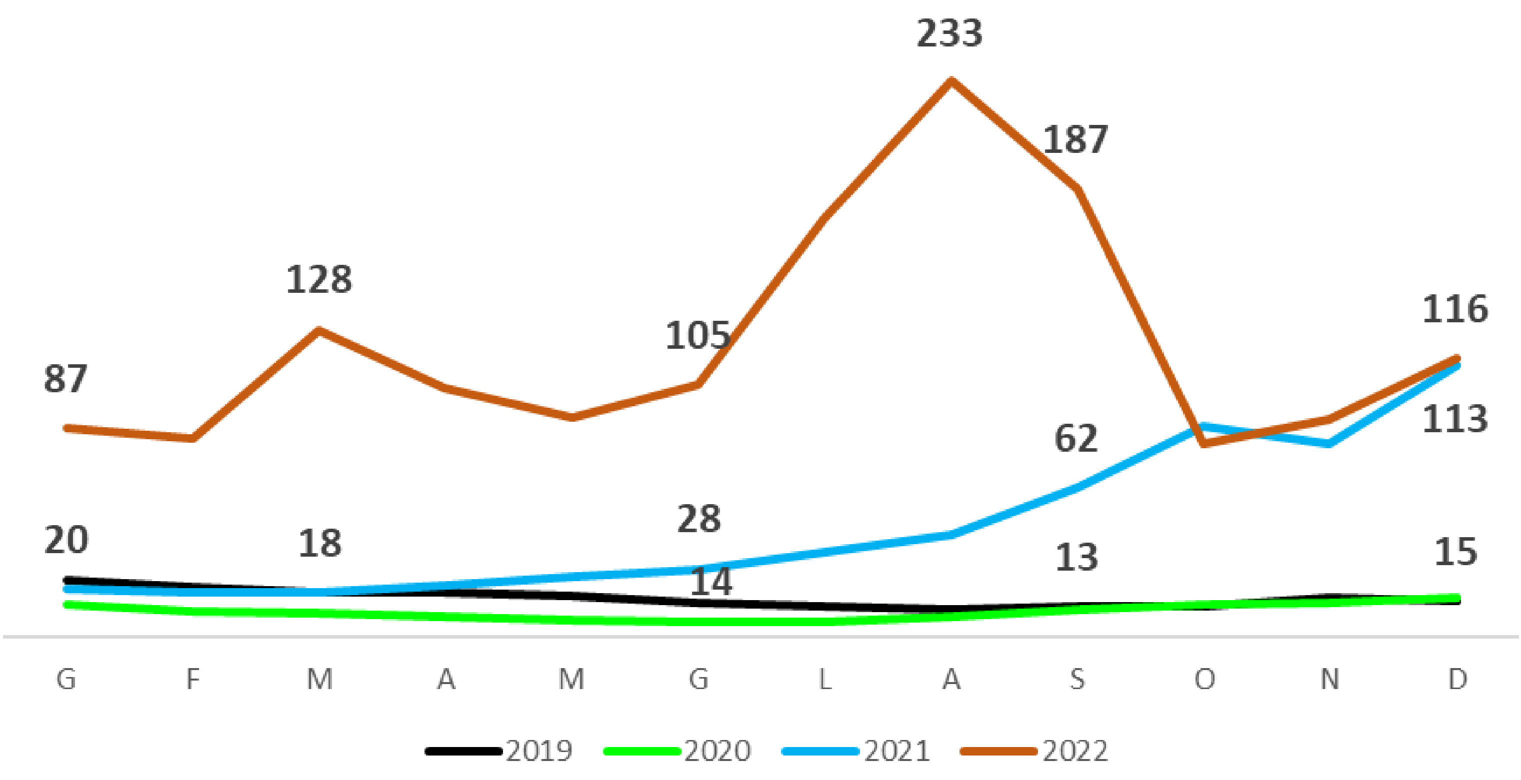


2023C: Analysts' consensus estimates

Appendix

Gas price increase since 2H 2021 with hit in 2022 impacted industrial production costs

Italian average monthly gas prices 2019-2022 (€/MWh)



Ongoing actions

- Investment in a new thermoelectric steam generation equipment
- Assessment of investments in photovoltaic and solar plants

Year	Yr avg Gas price €/MWh
2022	123
2021	46
2020	10
2019	16

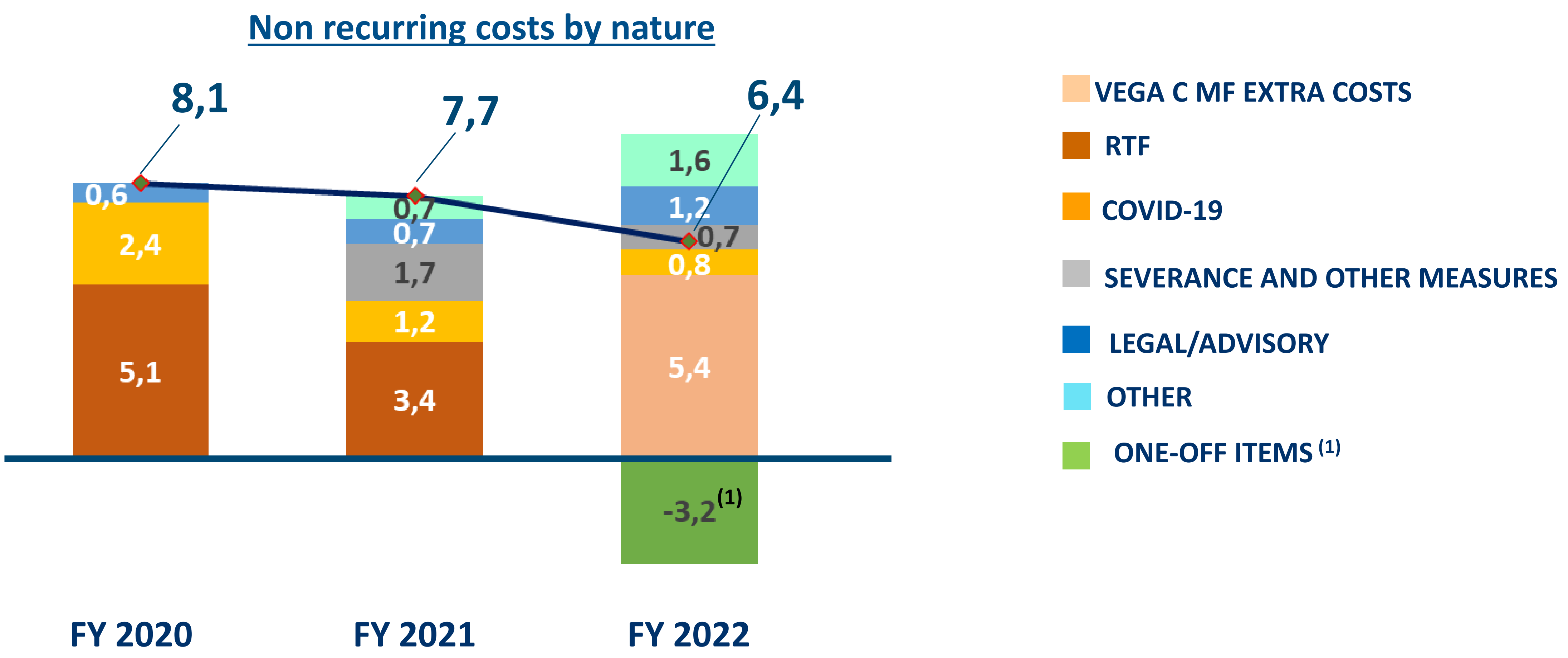
Expected in near future

- Expected trend for 2023 Gas price with current forecast[1]: 55 €/Mwh

(1) Forecast as of March 2023 by the GME (Gestore Mercati Energetici)

Evolution of non-recurring costs

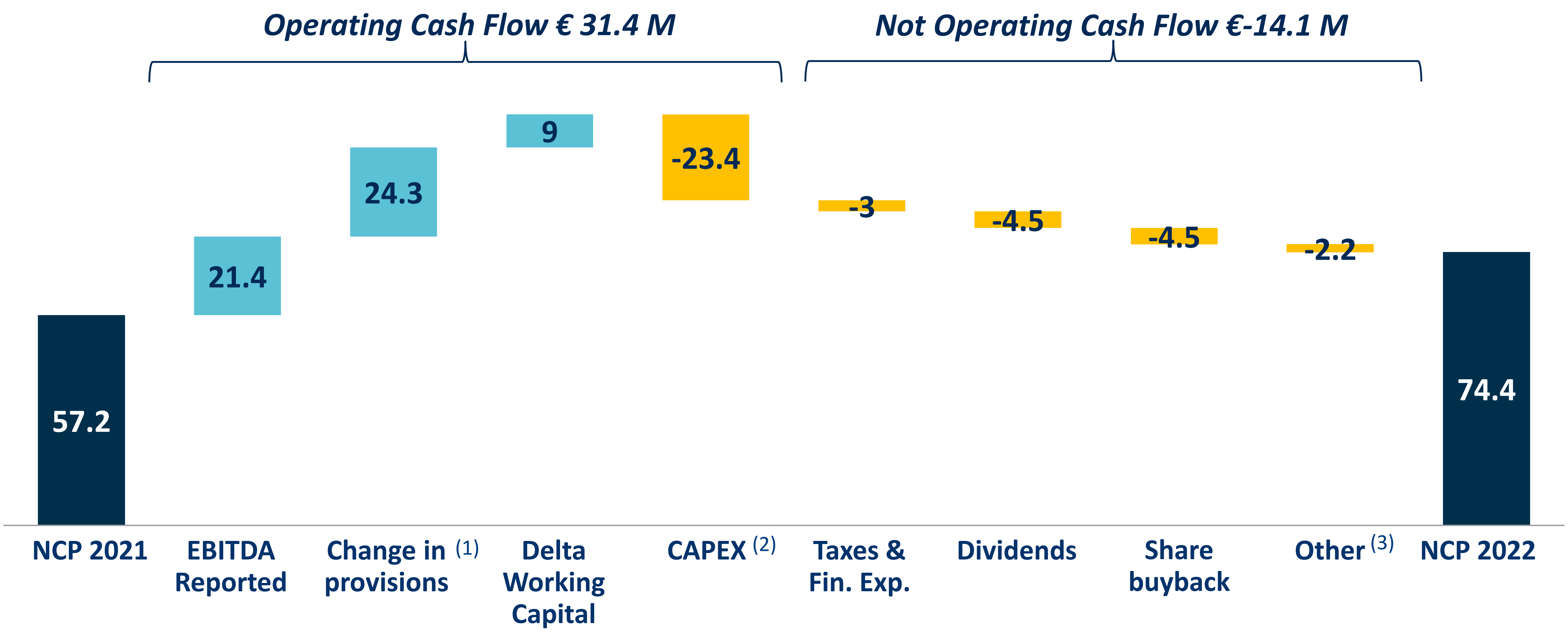
Data in €-M



(1) Include one-off positive contribution resulting from other revenues from settlement of Law 808/85 payables, extraordinary provisions for risks for Vega C return to flight activities and for the execution of future programs . Law 808/15 concerns the public financial support for the development of certain projects in the aerospace and defense sector

2021-2022 Net Cash Position bridge

Data in €-M

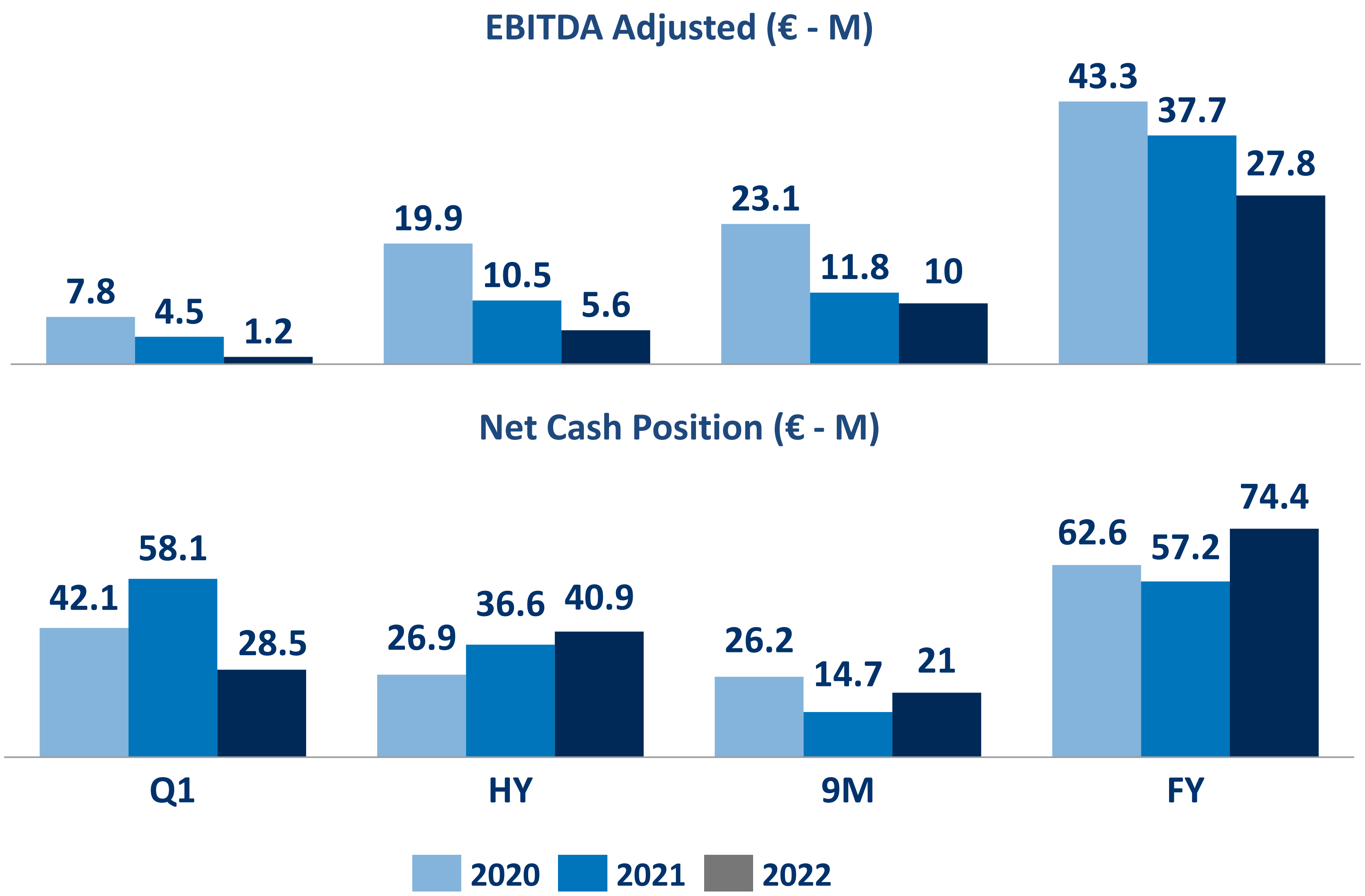


(1) Increase in provisions for extraordinary accruals for risks for Vega C Return to Flight activities (net of expected ESA compensations) and for the execution of future programs

(2) Net of P80 assets offset within settlement of Law 808/85 payables

(3) Net effect from goodwill and other items

EBITDA and Cash generation heavily concentrated on Q4s



Temis & ART deal structure

Financial investor

Avio

- PCB Production
- Testing and verification

95% ART ADVANCED SOLUTION 5%*

Long-term agreement to secure procurement and testing

TEMIS AEROSPACE TECHNOLOGIES 100%

- Design of avionics subcomponents
- Integration
- Testing and verification

- Provider of avionics, on board telemetry and cameras for Vega and Vega C
- 20 employees
- Avio legacy supplier
- Subsidiary of ART Group (active in the sports cars on-board software)

Consideration paid partly in cash and partly using own shares

** And one seat in the Board of Directors*

Enabling open-innovation through participation to CDP space startup accelerator

Participation to Turin CDP aerospace start-up accelerator “Takeoff”

INVESTORS

cdp

Fondazione CRT

UniCredit

PLUGANDPLAY

FOUNDING PARTNER

ogr

INVESTMENT →

ACCELERATOR

ACCELERATION PROGRAM

ITALY-BASED EARLY-STAGE STARTUPS

↑ **ACCELERATION** ↑

PLUGANDPLAY

↓ **SCOUTING** ↓

INTERNATIONAL SCALEUPs

DEALFLOWS

← **MENTORSHIP**

POC/PILOTS →

PILOTS →

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AVIO

Benefits for Avio

- **Explore the Italian start-up ecosystem** with a structured approach
- Additional access to **worldwide selected start-ups** according to Avio’s needs through **customized dealflow service**
- Access **new technologies** and outsource development and research projects

Kuiper constellation leveraging also European Ariane 6 for deploying, leading to upgrades and perfo improvement also for the Vega program

amazon
Project Kuiper

Total constellation size

3,236 sats

Deployment time limit

2026 for 1,618 sats

Launch strategy

- 12 New Glenn (Blue Origin)
- 38 Vulcan (ULA)
- 18 Ariane 64

BLUE ORIGIN · ULA United Launch Alliance · arianespace arianeGROUP

Development and production effort

P120

+10% propellant and firing time

+10% performance for Vega C and Ariane 6

P160

New 4562 Building under construction

- 18 A64 launches booked, of which 16 with the more powerful version A64+ with new P160 engine
- Total expected order for Avio of 72 boosters
- P160 development already started thanks to initial ESA funding and production starting in 2024

CONTACTS

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