

NOVEMBER 14TH, 2023

Avio 9M 2023 Results



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- **Highlights (Giulio Ranzo, CEO)**

- Focus on 9M 2023 (Giulio Ranzo, CEO)
- 9M 2023 Financials (Alessandro Agosti, CFO)

Highlights 9M 2023

- **Vega C return-to flight path defined with ESA on Oct 2nd**
- **Vega VV23 mission successfully completed on Oct 8th, next Vega flight in 1H 2024**
- **ESA Ministerial council on Nov 6th: important decisions regarding Ariane 6, Vega C and Vega E**
- **High order backlog maintained (1.3Bln€) thanks to new projects and tactical propulsion orders**
- **Improved profitability driven by new projects, increasing tactical business and relief of energy costs**
- **FY 2023 Guidance confirmed**

Agenda

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Vega VV23 mission successfully completed on Oct 8th



Kourou (French Guyana)



THEOS-2



**FORMOSAT 7R/
TRITON**

Vega correctly placed into sun-synchronous orbit:

- The payload **THEOS-2** (Thailand Earth Observation System 2), a very-high-resolution earth observation optical satellite (ground resolution imagery of 0.5 meters)
- The payload **FORMOSAT 7R/TRITON**, an experimental satellite designed and manufactured by the Taiwanese Space Agency, equipped with a Global Navigation Satellite System Reflectometry ("GNSS-R") which collects signals reflected by the surface of the oceans, enabling the calculation of wind speeds.
- **Auxiliary payloads** have been also correctly deployed thanks to the innovative Small Spacecraft Mission Service ("SSMS") payload dispenser capable to accommodate multiple microsattellites for rideshare services, used for the first time during Vega VV16 flight in September 2020

With this 20th successful flight, Vega now scores a **87%** success rate over 23 launches.

Next Vega launch coming to Q2 2024.

Next steps for Ariane 6 and Vega C

Ariane 6

- Successful **hot firing of the main stage** Vulcain completed on July 18, 2023;
- Successful **hot firing of the upper stage** Vinci completed on Sept 1, 2023;
- Long duration hot firing of main stage planned for Oct 3, 2023 at the launch site revealed an **anomaly on the hydraulic systems** driving the thrust vector controls (TVC) that allow to gimbal the engine;
- **Launch rehearsal** done at the end of October;
- **Long duration hot firing** of the main stage Vulcain by November after resolution of anomaly to hydraulic system;
- Ariane 6 maiden flight launch period to be announced by ESA after long duration hot firing
- **Further upper stage hot firing** to examine degraded cases on December



A6



VC

Vega C

- **Z40 Hot firing test anomaly** on the nozzle *caused by the combination of the geometry of the carbon carbon throat insert and the different thermo mechanical properties of the new material used, causing damage on adjacent parts; No link between Z40 hot fire test anomaly and VV22 flight;*
- **Recommendations** to be implemented by Avio in its capacity as Design Authority:
 - improvement of Z40 nozzle design
 - calibration of numerical predictive models
 - 2 hot firing tests in Q2-Q3
 - return to flight of Vega C by the 4Q 2024
- **Task force** steered by ESA and Avio also with the support of a pool of independent experts;
- ESA considers Vega C's return to flight a strategic priority for Europe's access to space and will **support the necessary efforts drawing from available resources;**

Ariane 6 and Vega-C flight schedule



2023

2024



VA260
April

VA261
July

A6 MF

Ariane



Z40 Firing test
June

VV23
October

Z40 firing test **VV24**
Q2 2024

Z40 firing test
Q3 2024

VC03
Q4 2024

Vega



ESA Ministerial Council of Nov 6, 2023: main outcomes

Ariane 6

- ESA annual **support to cover launcher unit cost increase until Ariane 6 launch #42** (approx. until 2028);
- ESA commitment to secure purchase of **4 launchers/year** for EU institutional customers;

Vega C

- ESA annual **support to cover launcher unit cost increase until Vega C launch #20** (VV42), approx. until 2028;
- ESA commitment to secure purchase of **3 launchers/year** for EU institutional customers;
- Vega C to be assigned the existing building **BIL (launcher pre-integration facility)** to increase Vega C cadence;
- Avio to become **Launch Service Provider** (responsibility for marketing, sales and customer support activities) and **Launch Operator** (responsibility for in-flight activity in compliance with French Space Operations Act) of Vega C;
- Avio and Arianespace to conclude an **agreement to implement already signed launch service contracts**;
- **Way forward to become effective by mid 2024**;

Vega E

- **Vega E to be assigned launch complex ELA 3 (ex Ariane 5)** on a non-exclusive time-limited basis;
- BIL to serve as pre-integration building for Vega E as well as for Vega C;

European Launcher Challenge

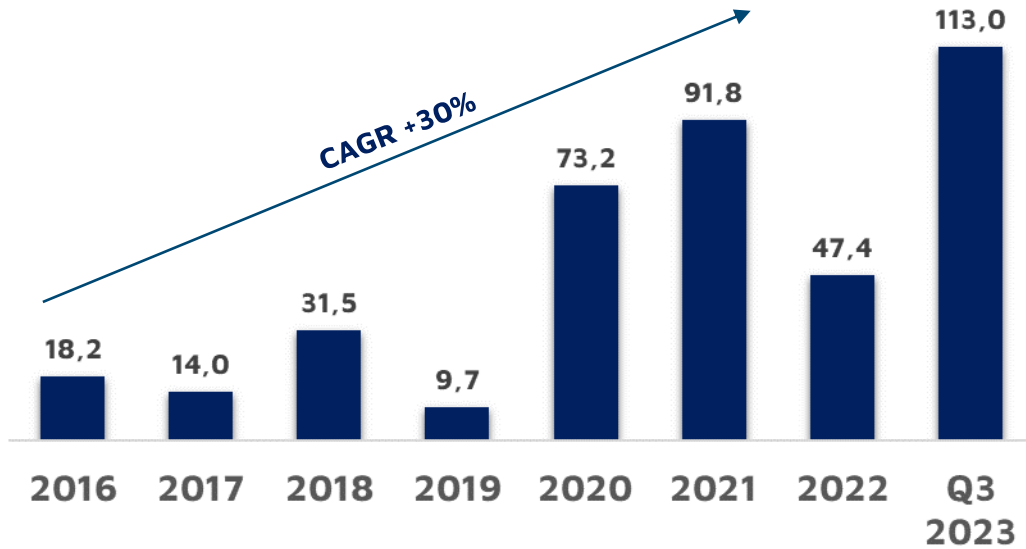
- Competition by 2025 among European companies to demonstrate ability to develop **new launch service solutions**;
- Incremental and step-wise approach relative to target performance, without limitations;
- A number of missions to be awarded to the selected operator.

Tactical orders steadily growing, clear future roadmap



MBDA

Historical Tactical propulsion Orders



- Signed 90M€ of new contracts for **Aster 30**
- Total orders for defense currently around €300 Mln providing visibility for the next 5 years



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- MBDA signed with Poland for the supply of 1.000 CAMM-ER missiles for a long-term period (project NAREW)
- Avio will supply CAMM-ER motors for MBDA with corresponding backlog amount to materialize for Avio in 2024

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Improved results driven by development and defense activities, with decreasing energy costs

9M 2022	MAIN ECONOMICS / FINANCIALS	9M 2023	DELTA	DELTA	Comments
€ - M		€ - M	€ - M	%	
1.013,7 (*)	NET ORDER BACKLOG	1.323,1	309,4	30,5%	High order backlog maintained thanks to technology development projects and defense contracts
219,9	NET REVENUES	222,9	3,0	1,4%	Increase from technology development projects and defense activities, offset by a lower contribution from Ariane as expected
N/R 3.5M	EBITDA REPORTED % on net revenues	8,7 3,9%	2,2	33,6%	N/R 5.4M
10,0 4,6%	EBITDA ADJUSTED % on net revenues	14,1 6,3%	4,1	40,7%	
(7,7) N.m.	EBIT REPORTED % on net revenues	(3,5) N.m.	4,2	54,5%	EBIT trend is better than the EBITDA trend for lower depreciation reflecting the life cycle of certain assets and different mix of development and production activities
(4,2) N.m.	EBIT ADJUSTED % on net revenues	1,9 N.m.	6,1	145,1%	
31 DEC 2022		30 SEP 2023	DELTA	DELTA	
€ - M		€ - M	€ - M	%	
74,4	NET CASH POSITION	47,9	(26,5)	-35,6%	Higher than typical seasonality trend (21,0M€ 9M 2022) for timing effect of advances on development contracts

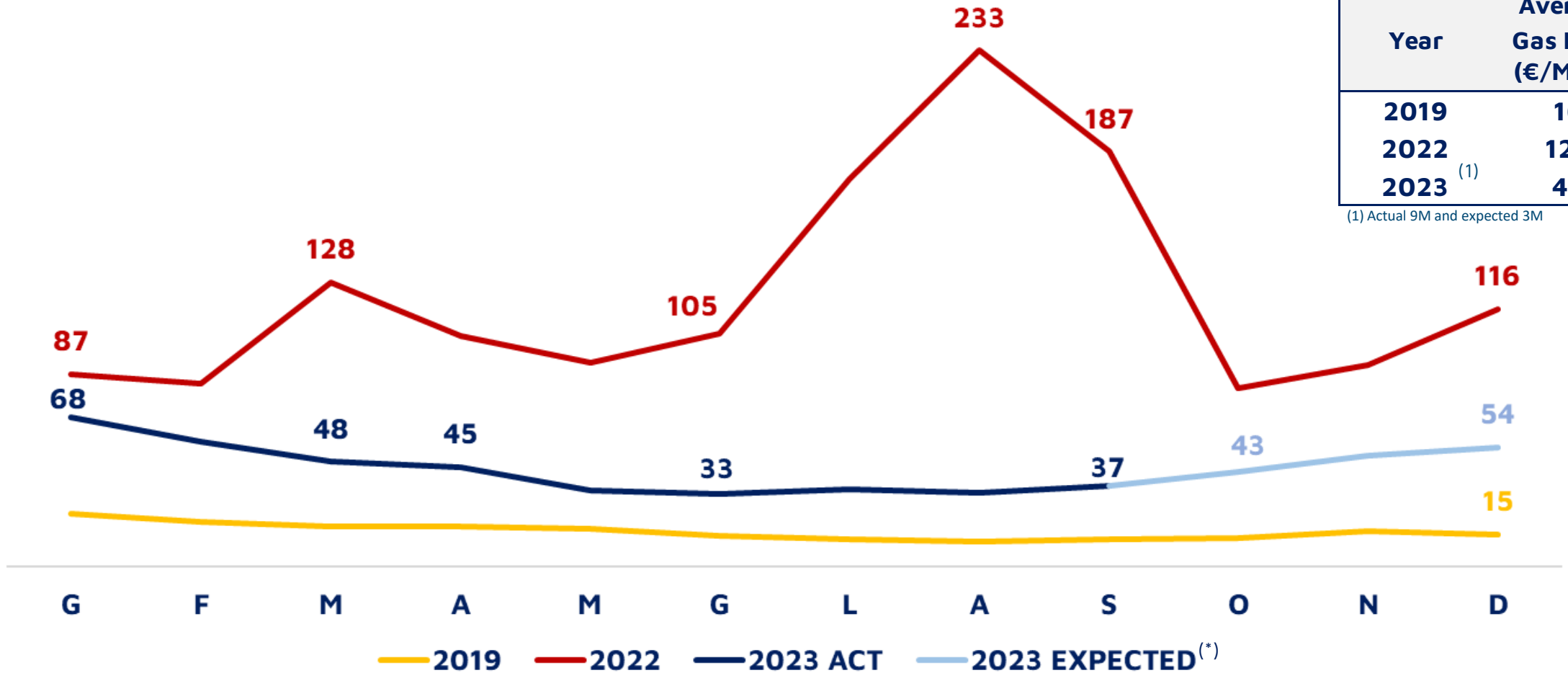
(*): As of 31 December 2022

Gas price decrease in 2023 compared 2022 with positive effect on industrial production costs

Italian average monthly gas prices HY 2023 (€/MWh)

Year	Average Gas Price (€/MWh)
2019	16
2022	123
2023 ⁽¹⁾	44

(1) Actual 9M and expected 3M



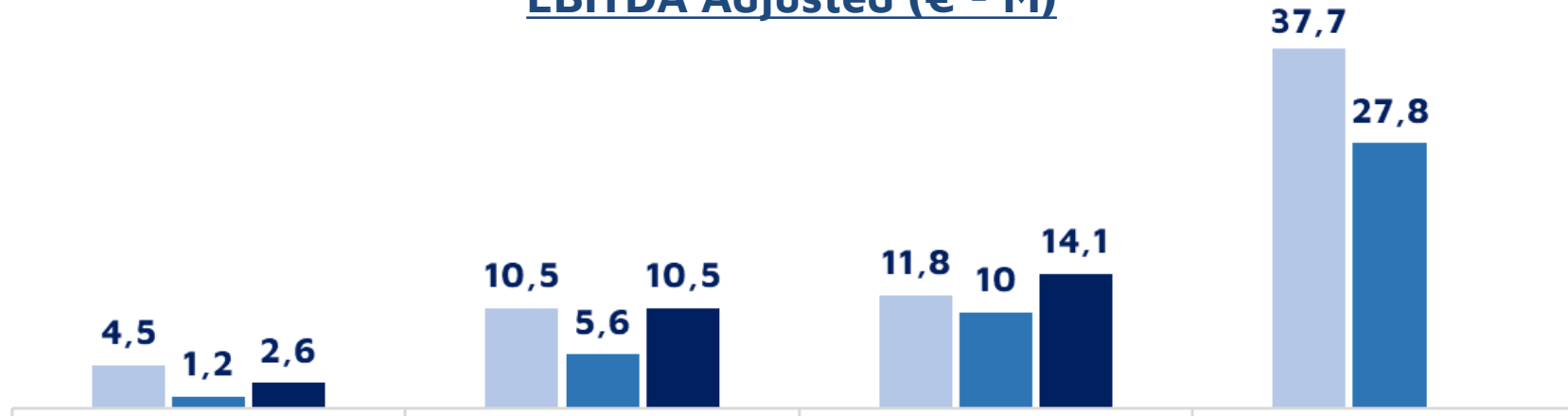
(*) Source: GME (Gestore Mercati Energetici)

FY 2023 Guidance confirmed

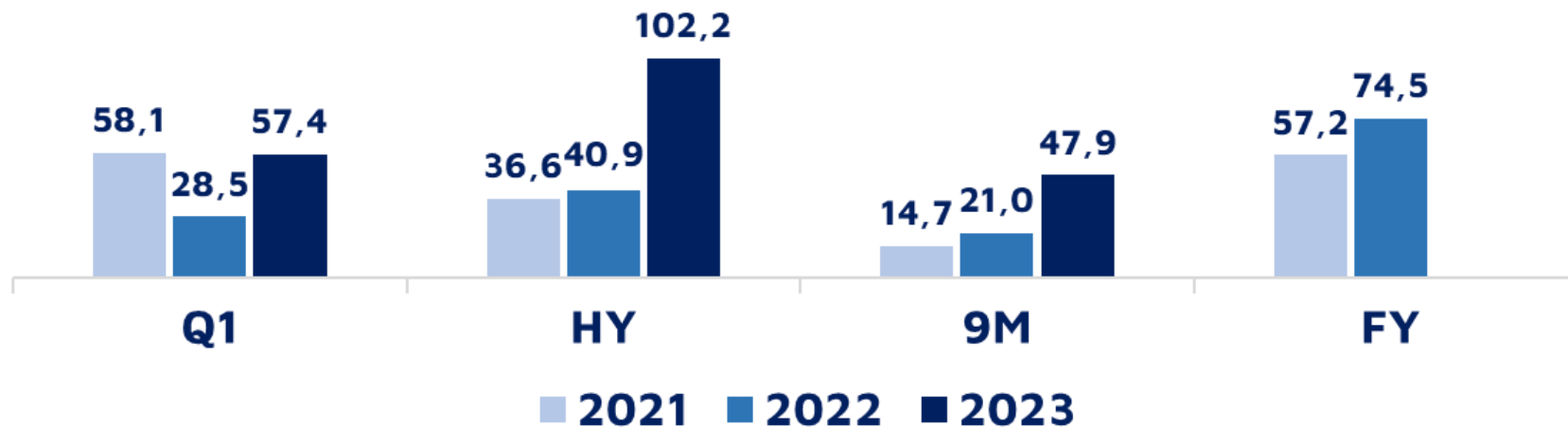
• Net Order Backlog	<ul style="list-style-type: none">• Min €1,150M• Max €1,250M	<ul style="list-style-type: none">- New orders expected for both development and production- ESA MC 2022 subscriptions and new Technology projects contracts to turn into backlog
• Net Revenues	<ul style="list-style-type: none">• Min €330M• Max €350M	<ul style="list-style-type: none">- New technology development projects ramp-up (Vega E, Space Rider, VegaC+, liquid propulsion)
• EBITDA Reported	<ul style="list-style-type: none">• Min €19M• Max €25M	<ul style="list-style-type: none">- Enduring impact of inflation and under-absorption of fixed costs due to reduced level of production- Estimated impact of 9M non-recurring costs*
• Net Income	<ul style="list-style-type: none">• Min €2M• Max €6M	<ul style="list-style-type: none">- Margin net effect of financial charges and taxation

EBITDA and Cash generation heavily concentrated on Q4s

EBITDA Adjusted (€ - M)



Net Cash Position (€ - M)



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