

PARIS, JUNE 6TH 2024

Avio presentation

European Midcap Event



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Agenda

1. Avio Profile

2. Market Update

3. Business Update

4. Financials

5. Appendix

Avio: propulsion for space and defence



- European heavy launcher
- Avio: partner and supplier for strap-on boosters



~300M€ Market Cap
1.300 employees



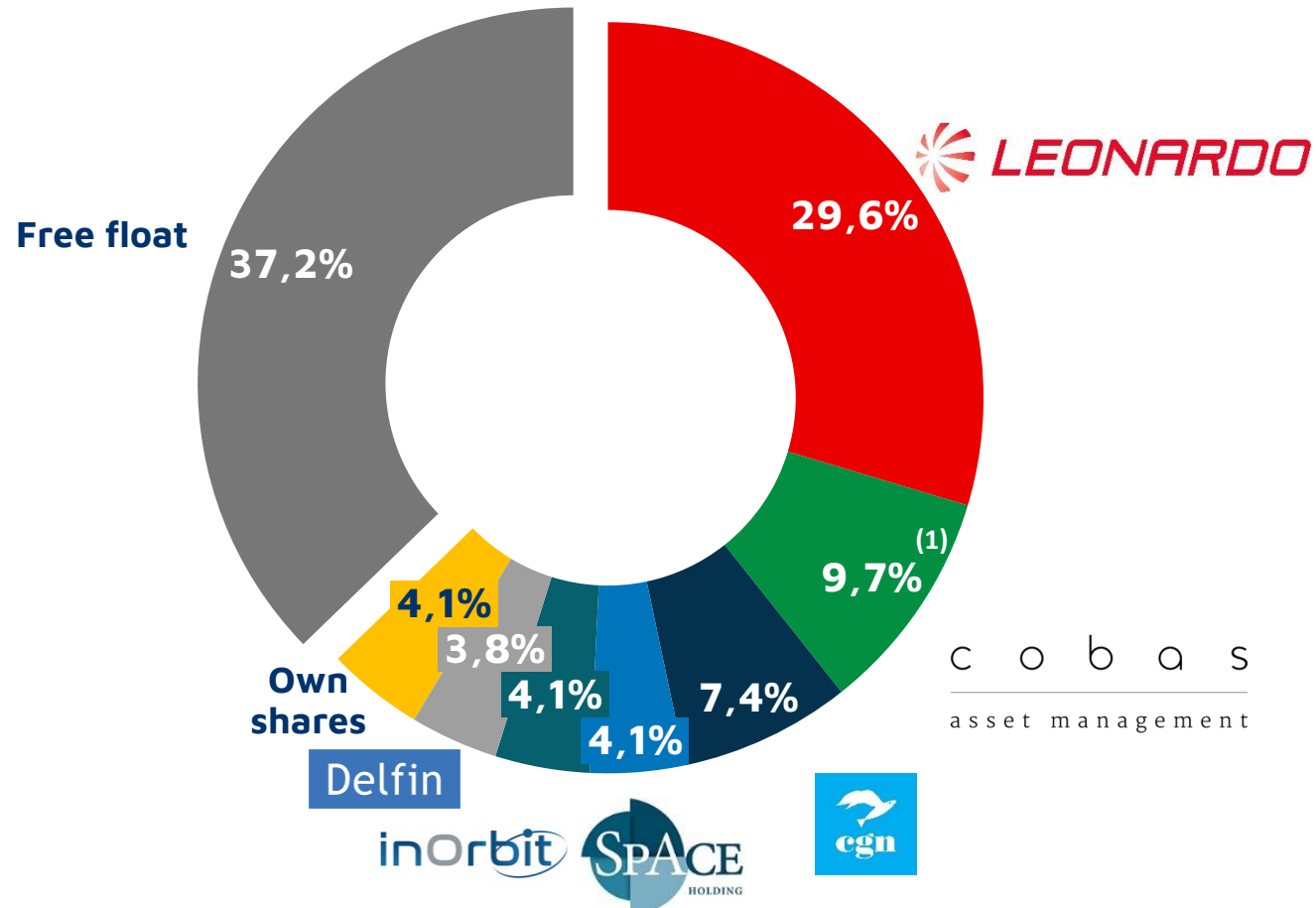
- Solid Rocket Motors for Defence Missiles



- European light launcher
- Avio: developer, manufacturer, launcher system integrator

A public company managed by a team of investors

- Public Company (IT STAR Stock Exchange Segment)
- ~4% Management share
- ~40% Free Float
- No Controlling Shareholder



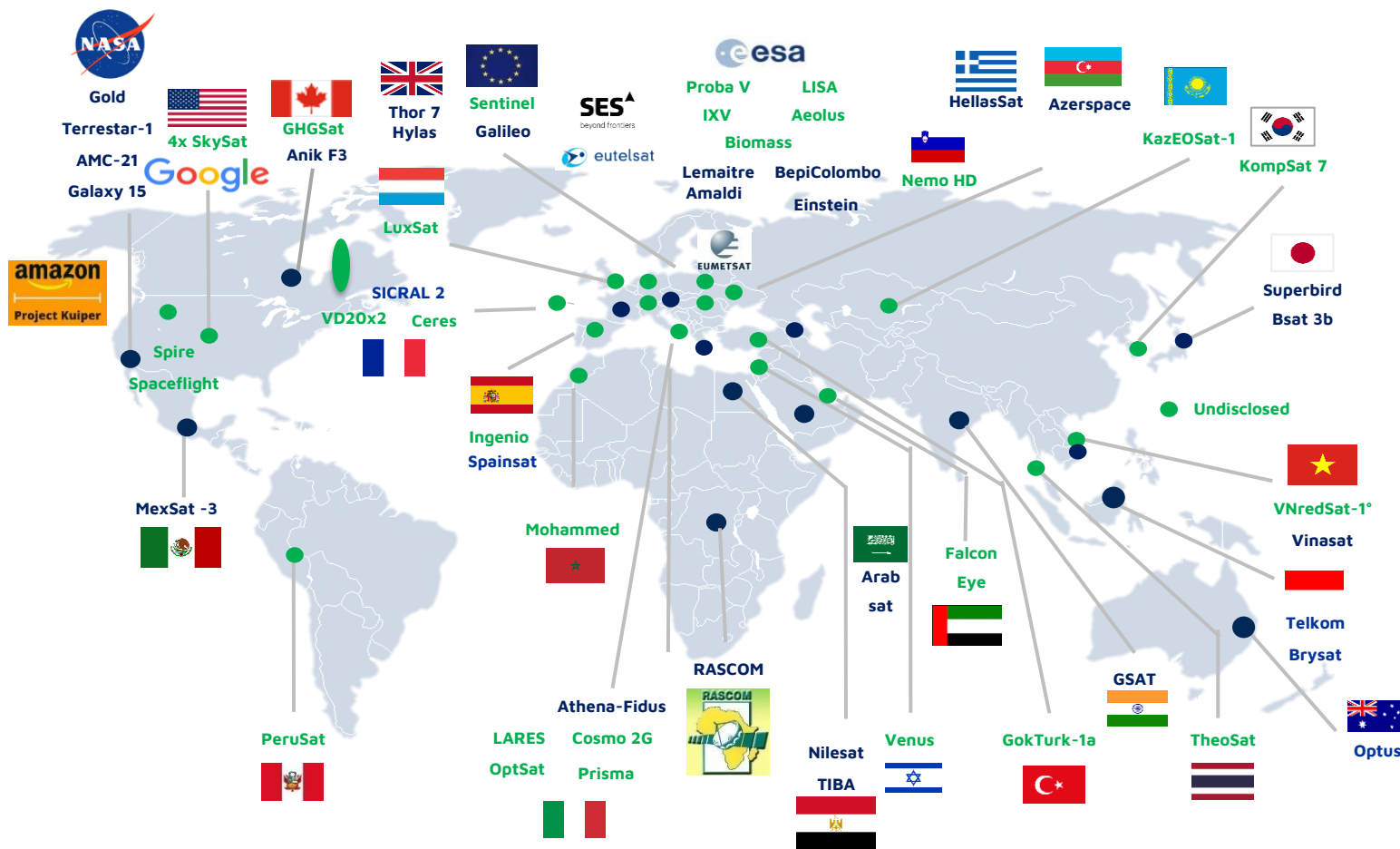
Global customers base for space launches

NOT EXHAUSTIVE



● = Ariane

● = Vega



Ariane 6

Vega C



28 launches in backlog



14 launches in backlog



60 years track record in space technologies

Ariane 1-3
Separation
motors



1968

Ariane 4
9.5 ton
boosters



1990

Ariane 5
230 ton
boosters



1996

Vega
Launch
system



2012

Vega C
Improved
performance



2022

Ariane 6



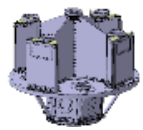
2024



The European Space Agency

A robust roadmap for future space launch and services

Applications and services



SSMS
Payload
Adapter

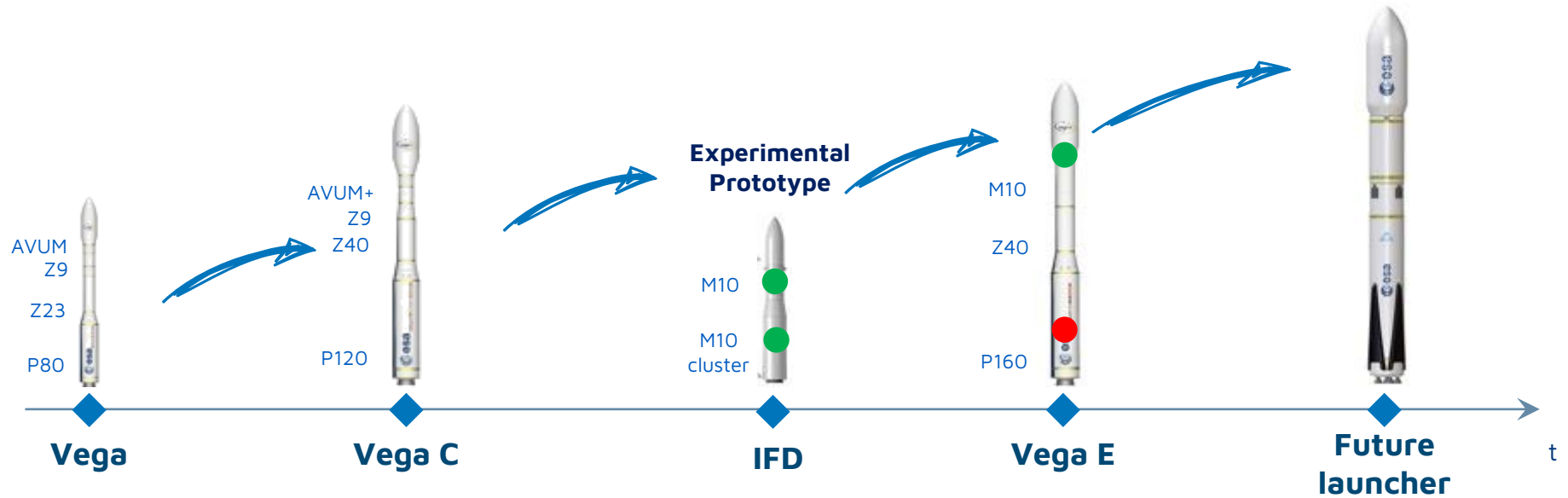


Space Rider
Launch &
Re-entry

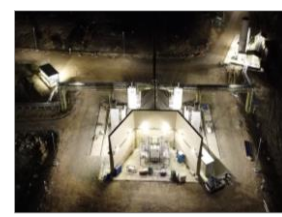
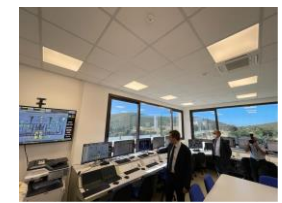


In-Orbit Service
Module

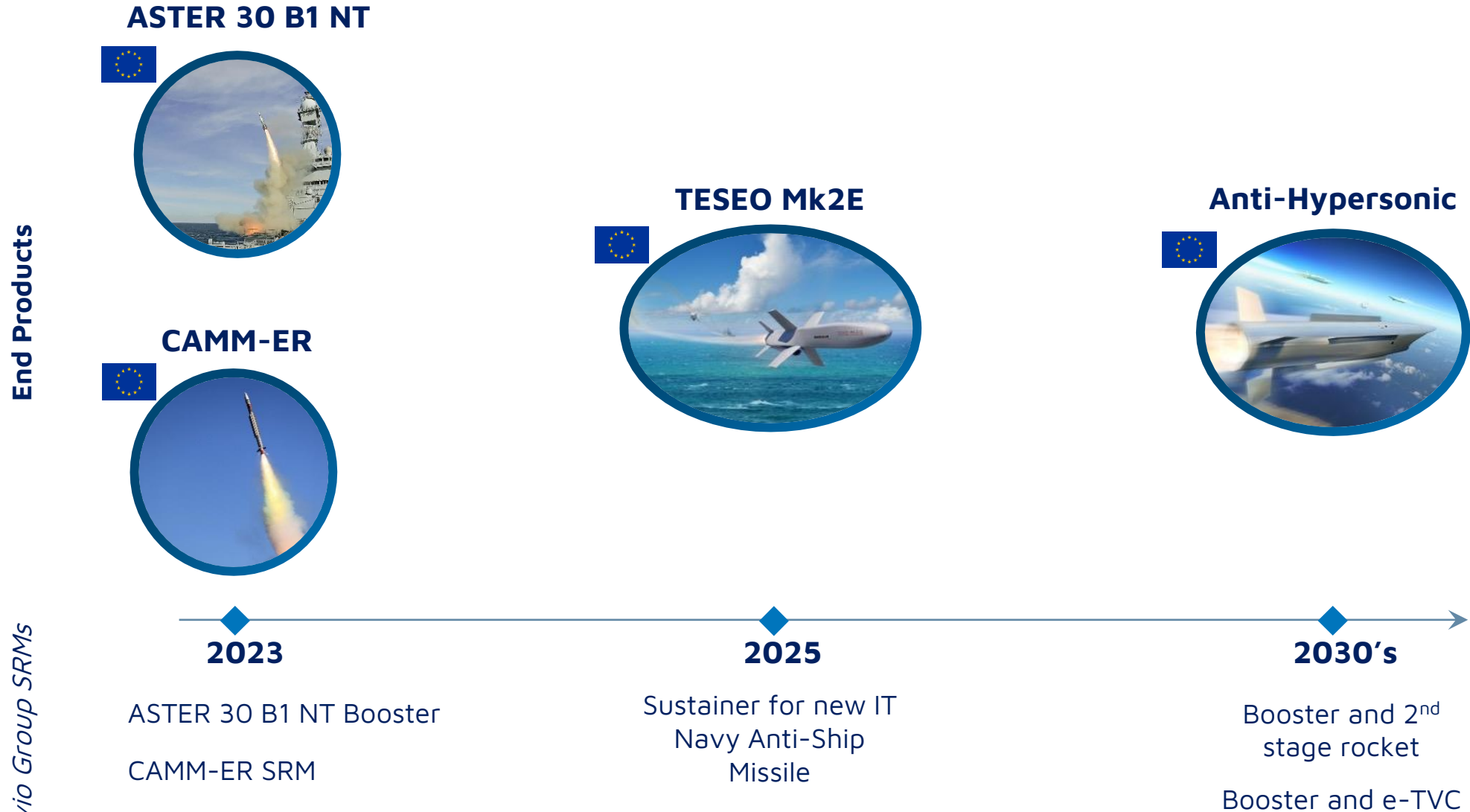
Launcher Products



Current industrial footprint



Our Tactical Products Development Roadmap



Avio Group SRMs

Agenda

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- 2. Market Update**
3. Business Update
4. Financials
5. Appendix

The launch segment: the gateway to the Space economy worth almost 400 \$ Bn

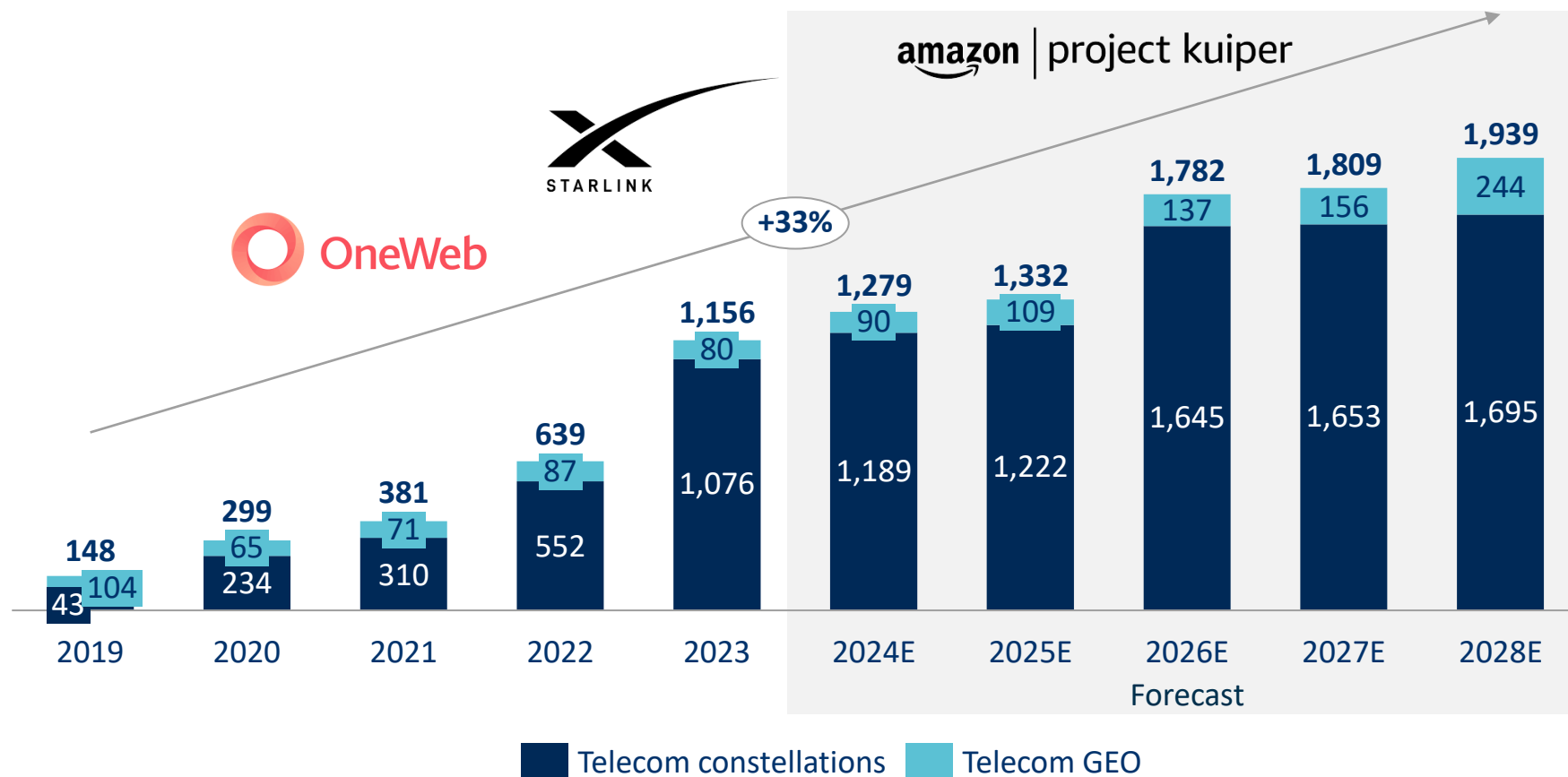
Global space value chain



Double-digit growth in telco mass driven by constellations

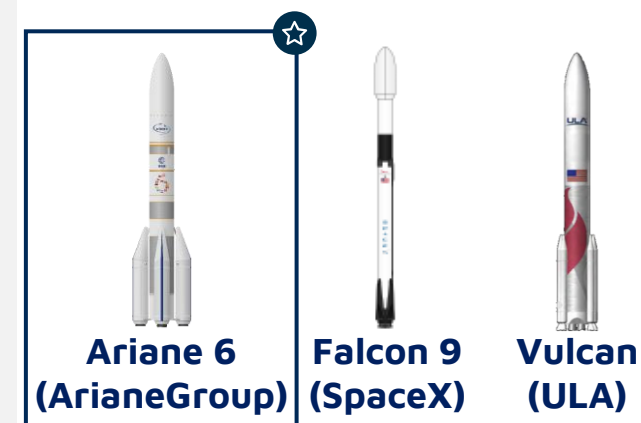
XX% = 2019-2028 CAGR

Global Telecom launched mass (tons)



Key players in launch segment

Not exhaustive

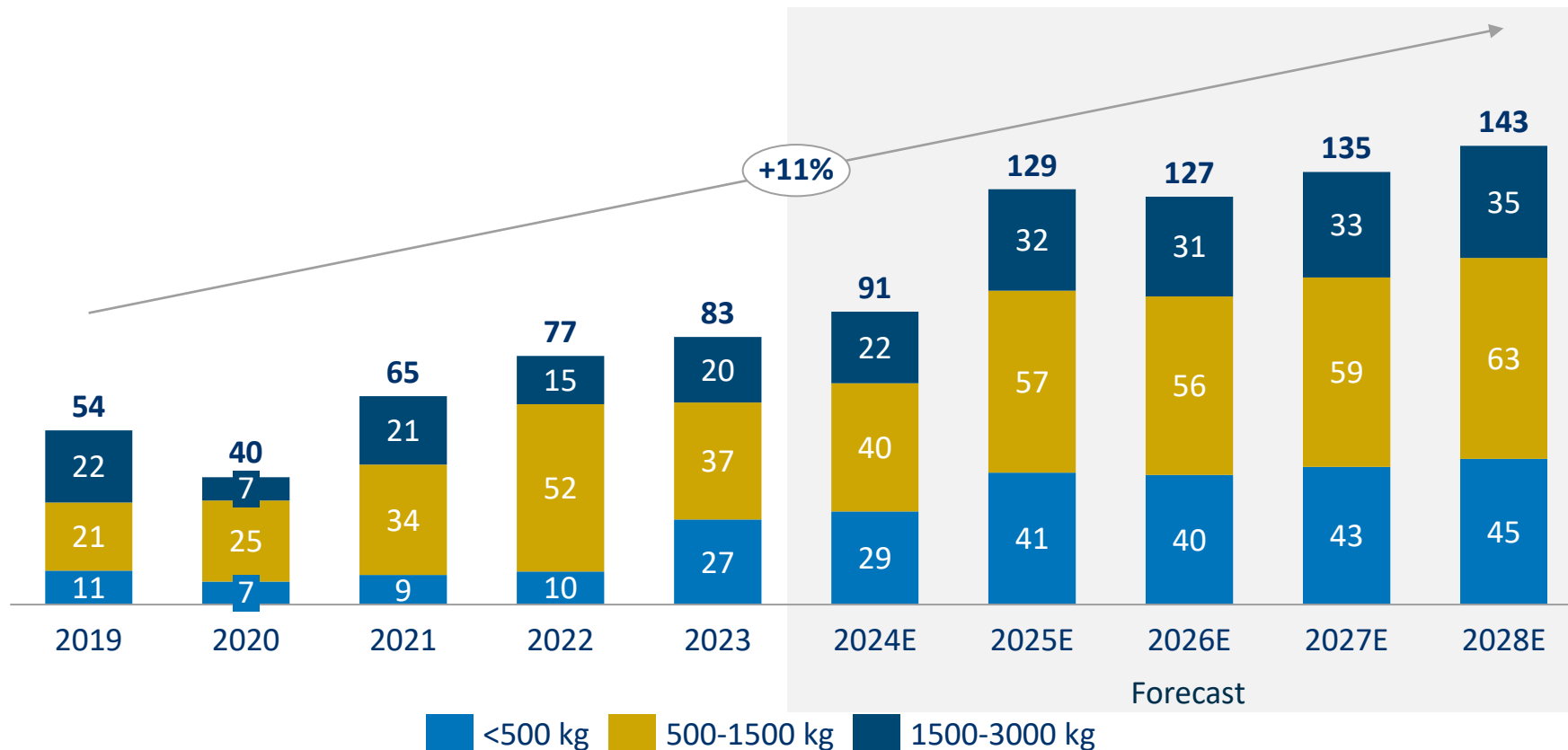


Steady growth in Vega major addressable mkt (LEO EO + Science)

XX% = 2019-2028 CAGR

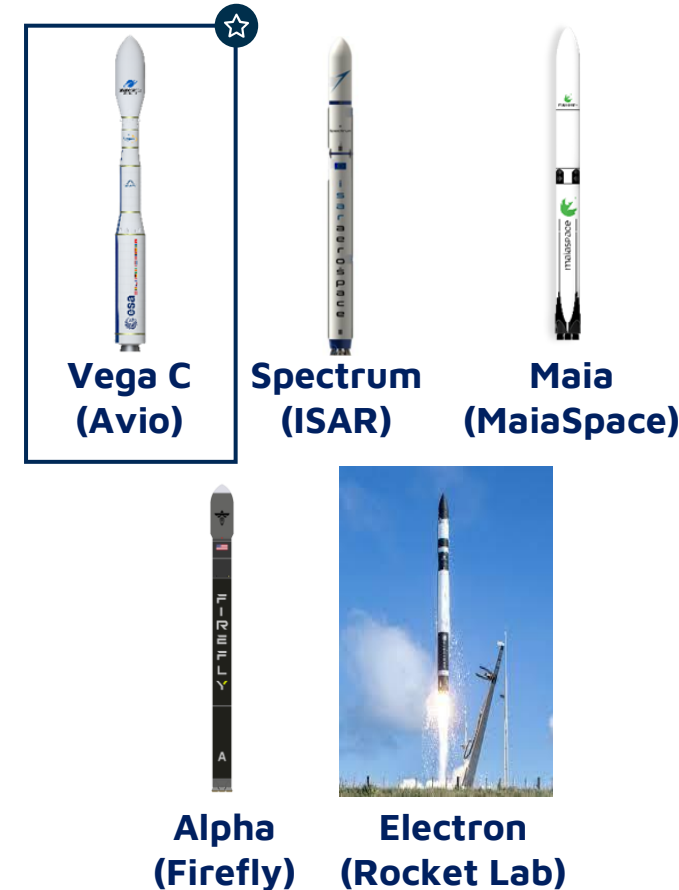
Not Exhaustive - Vega C addressable market includes other segments and applications not shown in the graph¹

Global LEO launched mass for Earth Observation and Science applications (tons)



Key players in launch segment

Not exhaustive



Note: EO = Earth Observation; 1. E.g., small telco constellations, navigation, military, technology
 Source: Avio Analysis on Gunter's Space Page data; Euroconsult

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- 3. Business Update**
4. Financials
5. Appendix

VEGA C return-to-flight operations underway

- On May 28th, 2024 the Zefiro 40 solid rocket motor, the second stage of the VEGA C launcher, was **successfully tested**. The initial post-test review indicated that the new nozzle assembly performed as expected throughout the scheduled 94 seconds burning time of the test, simulating a nominal in-flight performance
- Avio will review the data from this first test to prepare for a second test in October that will then qualify the second stage Zefiro 40 solid rocket motor **for the VEGA C return-to-flight by end 2024**



Z40 nozzle integrated with SRM



QM3 moved to test bench



QM3 hot firing test

SRM: Solid Rocket Motor ; QM: Qualification Motor
Source: ESA, Arianespace

VEGA C selected to launch SMILE mission

- On April 30th, 2024 ESA and Arianespace signed a contract **which ensures the launch into orbit of SMILE mission on a VEGA C rocket**
- The goal of SMILE (“Solar wind Magnetosphere Ionosphere Link Explorer”) mission is to **provide a more complete understanding of the interaction between the Sun and Earth**
- **Launch date currently expected for late 2025:** the exact launch period will be defined at a later time
- Arianespace is currently the operator and the launch service provider of VEGA C. This mandate to be transferred to Avio under the implementation of the Resolution adopted by ESA in Seville on 6 and 7 November 2023



ESA / Arianespace SMILE contract signing



SMILE mechanical testing



SMILE launcher fit-check

Ariane 6 maiden flight launch campaign main updates

- Final hot-firing test of Ariane 6 upper stage successfully completed on April 12, 2024
- Central core and the two boosters for the first Ariane 6 flight model transferred to and installed on the Kourou launch pad at the end of April. The upper composite, consisting of the launcher adapter, the payloads and the fairing will be moved from the encapsulation hall to the launch pad in June.
- **The first launch of Ariane 6 is targeted for 9 July 2024 from Europe's Spaceport in French Guiana**



Ariane 6 central core lifted in vertical position



*Boosters ready to be assembled with central core
Upper composite transfer and integration on the launcher*



2024 shall mark the transition towards higher launch rates

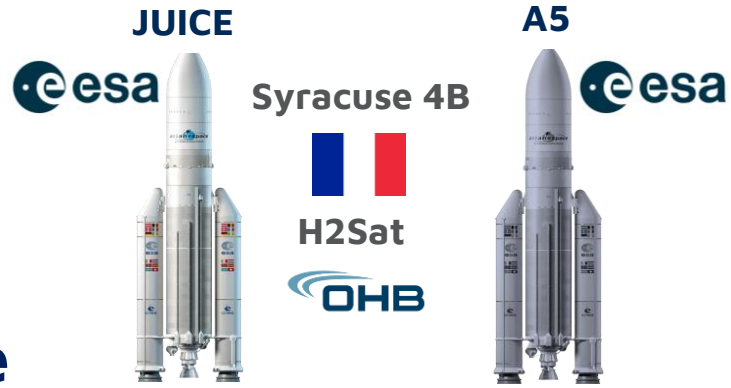


2023

2024

2025 (1)

Ariane



6
(Ariane 6)

VA260
April

VA261
July

A6 MF

Vega



4
(Vega C)

Z40 Firing test
June

VV23
October

Z40 Firing test
✓ **Successfully completed**
as expected on May 28

VV24 **Z40 Firing test**
Q3 2024

VC03-RTF
Q4 2024

(1) Avio current assumption of contracted flight backlog roll-out

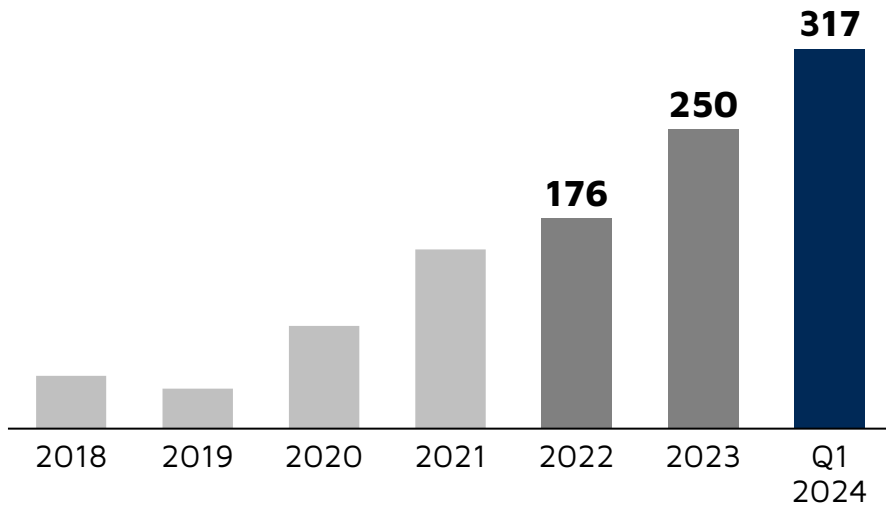
SOURCE: ESA, Arianespace



Defense propulsion: consolidating growth, with additional future production unlocked by today's development backlog

Defense propulsion backlog (€m)

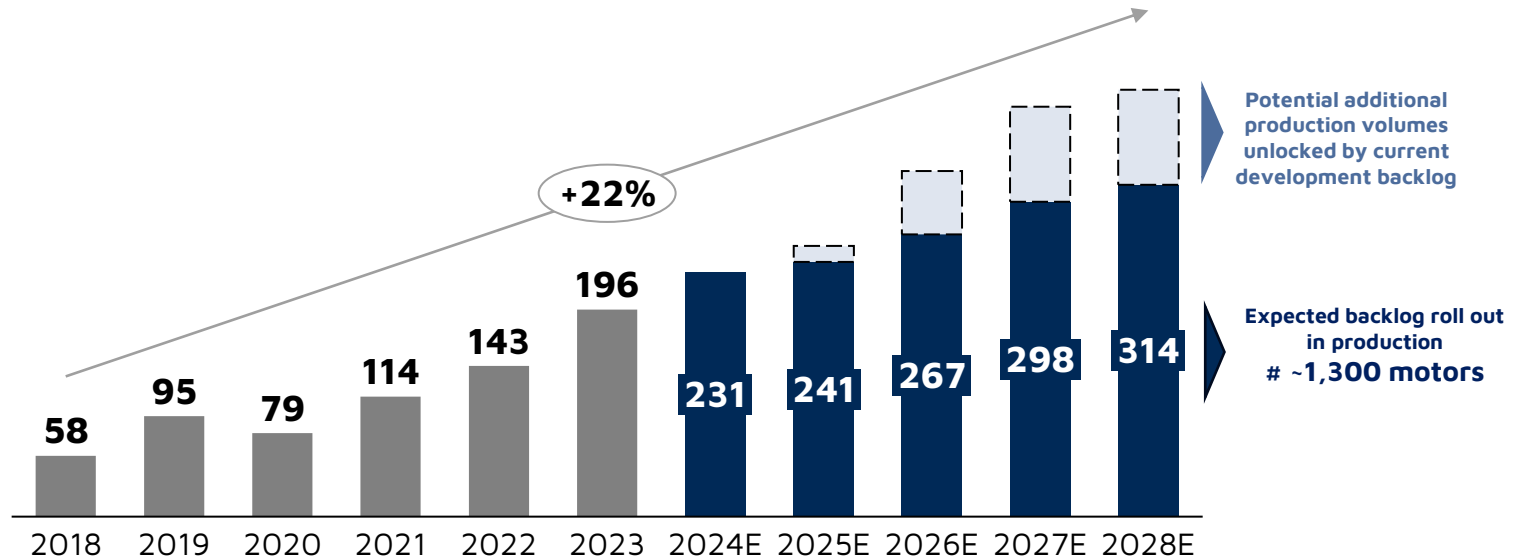
Part of the current defense propulsion backlog relates to development activities ...



- High level of defense propulsion orders in Q1 2024 (approx. €80m in Q1 2024 vs. €120m for the entire 2023)

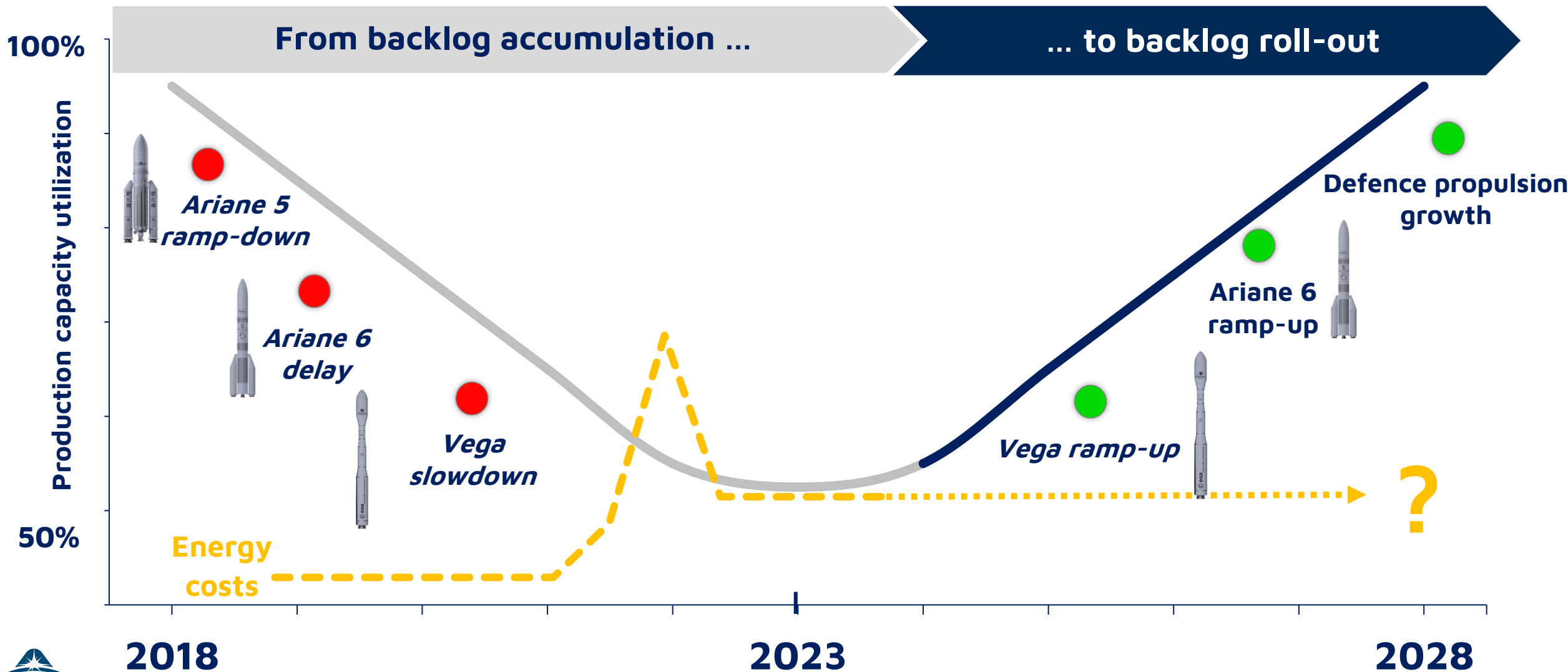
Defense propulsion production (volumes eq.)

... which could potentially "unlock" new production volumes in the coming years

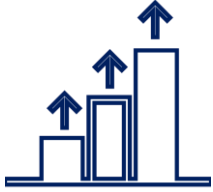


- Steep increase in Aster, CAMM-ER and MARTE production
- Excludes NAREW and other potential upside opportunities

Where is 2024 along the cycle



Beyond 2024



- Net Order backlog to remain high and stable in spite of growing annual revenues
- Potential new product lines possible to enable orbital services businesses



- Sustained growth both in space launch and defence propulsion
- Growing volumes in P120/P160 production to sustain Ariane 6 / Vega C ramp-up
- Completion of technology innovation projects to expand future product range



- Margin expansion objectives linked to three main drivers:
 - Progressively higher utilization of installed production capacity
 - Insourcing of «Launch service provider» and «Launch operator» activities
 - Higher contribution from the defence propulsion business



- Upside opportunities in the defence propulsion activities
 - New product developments for existing customers
 - New markets/customers for additional production activities

Exploring upside potential opportunities in the US defence market

- The defence propulsion business **is experiencing an accelerating growth globally**
- Avio has received an increase in orders for Aster / CAMM-ER and new sub-system developments
- The **US market** is facing a production capacity gap due to the substantial acceleration in demand
- **Avio has started to explore the US market for medium-term opportunities:**
 - ✓ Established 100%-owned subsidiary (Avio USA) with USD 3 million capital to start operations
 - ✓ Hired a US team with deep sector competencies and relevant experience
 - ✓ Started to map opportunities with a view to engage in discussions with prospective customers
- **Avio is continuing on this effort in the course of 2024**

Agenda

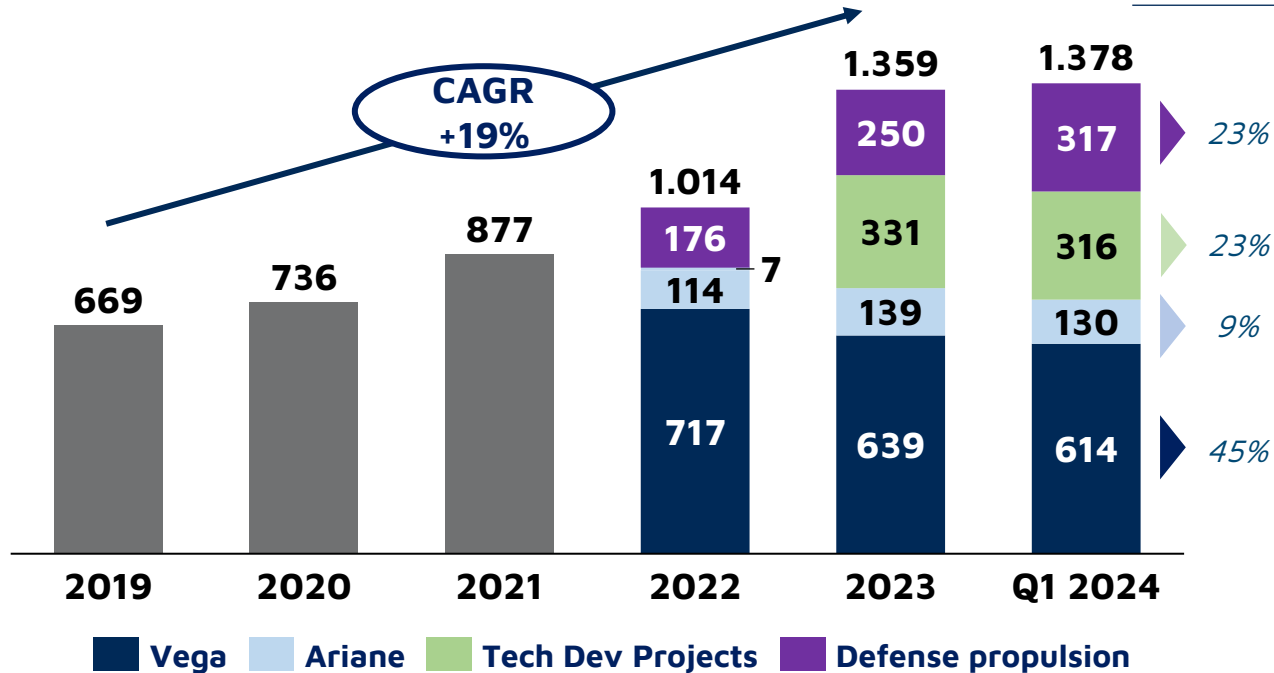
1. Avio Profile
2. Market Update
3. Business Update
- 4. Financials**
5. Appendix

Defense propulsion intakes drive order backlog in Q1 2024

Figures in €m

Net order backlog evolution 2019 - Q1 2024

% on backlog



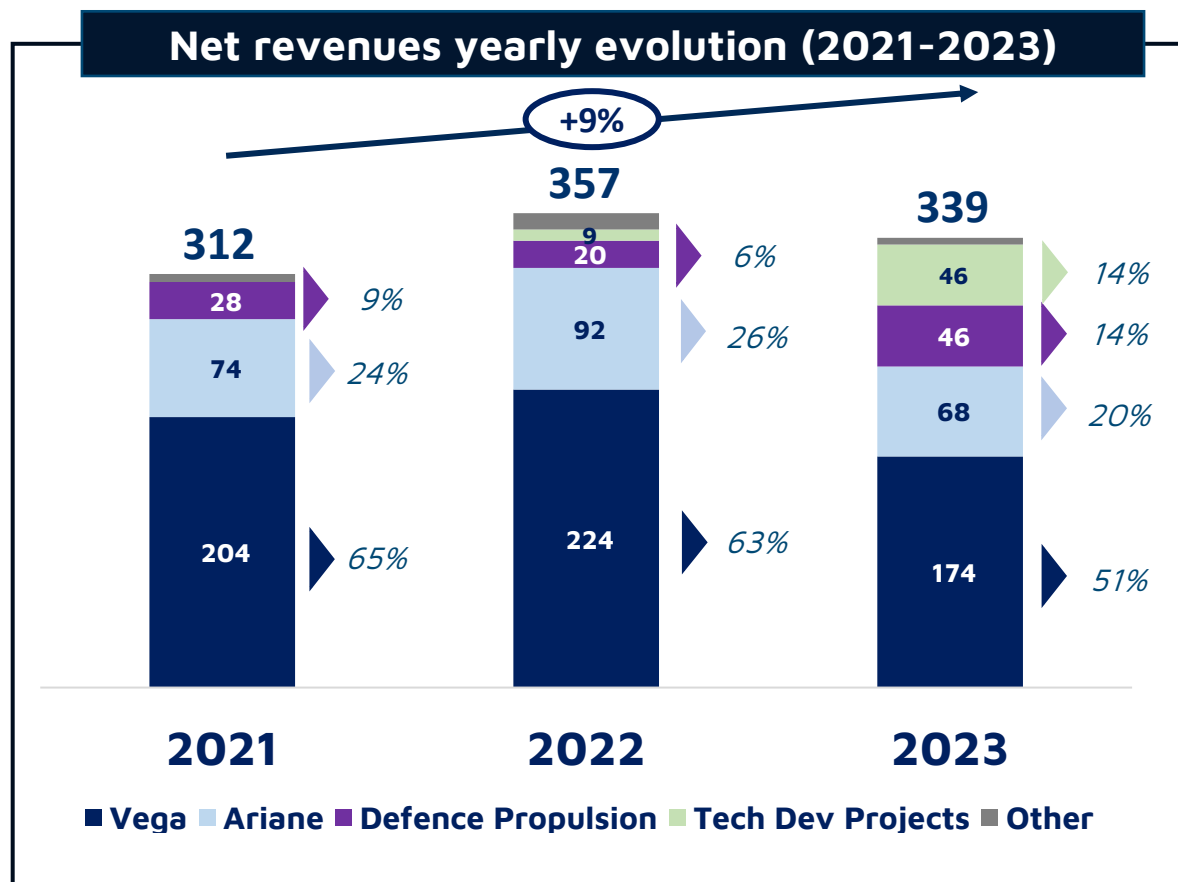
Main comments

- In Q1 2024 order intakes amounted to approx. **€100m** and are mainly composed of:

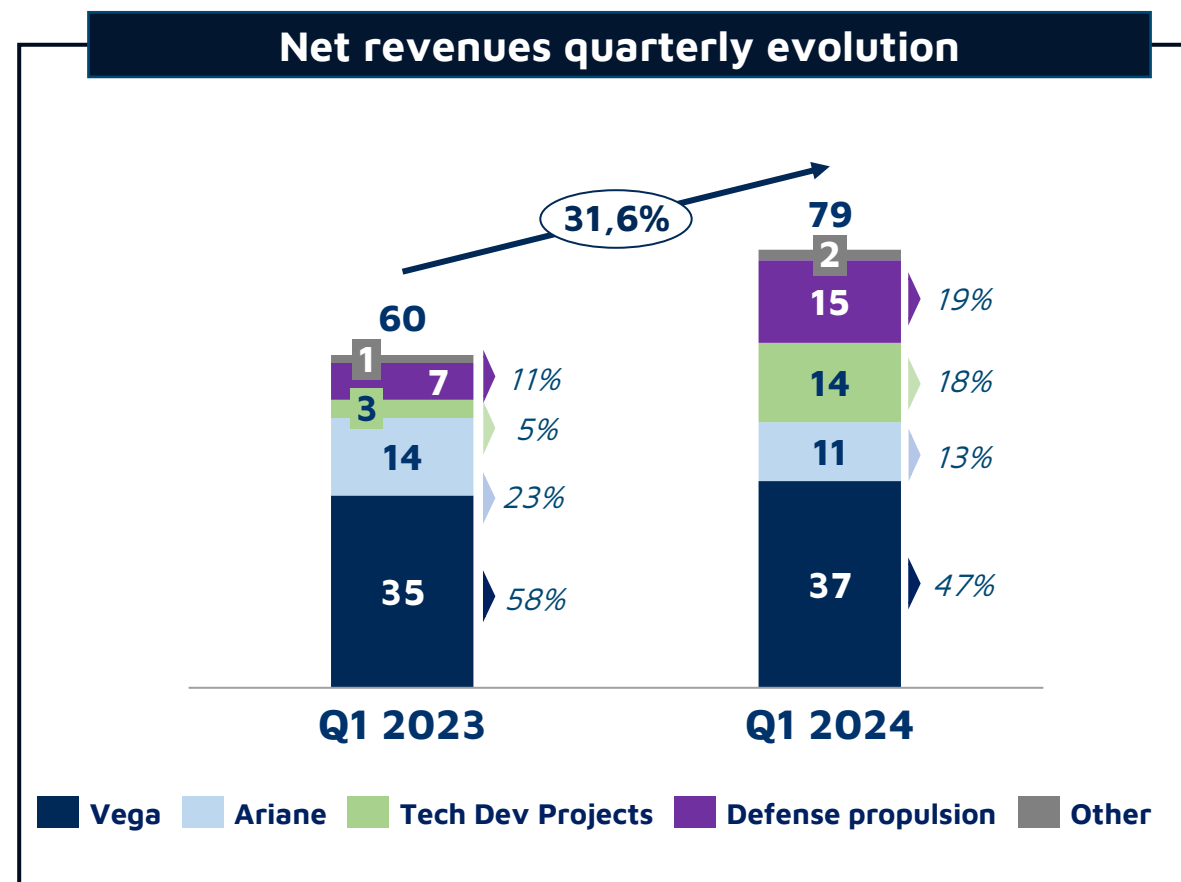
 - **Defense propulsion** for approx. €80m, mainly for ASTER missile production
 - **Vega** for approx. €15m, mainly for development activities
- Defense propulsion** activities reached 23% of total backlog at the end of Q1 2024, approx. half of Vega backlog and currently higher than Ariane backlog waiting for Ariane 6 maiden flight
- At the end of Q1 2024 60% of backlog is for production activities and 40% for development activities

Net revenues evolution by line of business

Figures in €m



- In 2023, revenues refer for 44% to Development and for 56% to Production activities



- In Q1 2024, revenues are refer for 47% to Development and for 51% to Production activities (vs. 41% Development and 57% Production in Q1 2023)

Q1 2024 results

Main economics and financials

	Q1 2023 Actual (€m)	Q1 2024 Actual (€m)		Delta (€m)	Delta (%)
NET ORDER BACKLOG	1.358,9 ⁽¹⁾	1.377,5	1.	18,7	1,4%
NET REVENUES	59,8	78,8	2.	18,9	31,6%
EBITDA REPORTED	1,3	1,6	3.	0,3	25,3%
% on net revenues	2,1%	2,0%			
EBITDA ADJUSTED	2,6	3,4		0,8	29,1%
% on net revenues	4,4%	4,3%			
EBIT REPORTED	(3,5)	(2,8)	4.	0,7	n.m.
% on net revenues	-5,8%	-3,6%			
EBIT ADJUSTED	(2,1)	(1,0)		1,1	n.m.
% on net revenues	-3,5%	-1,2%			
	31 DEC 2023 Actual (€m)	31 MAR 2024 Actual (€m)		Delta (€m)	Delta (%)
NET CASH POSITION	76,1	9,6	5.	(66,6)	-87,4%

Main comments

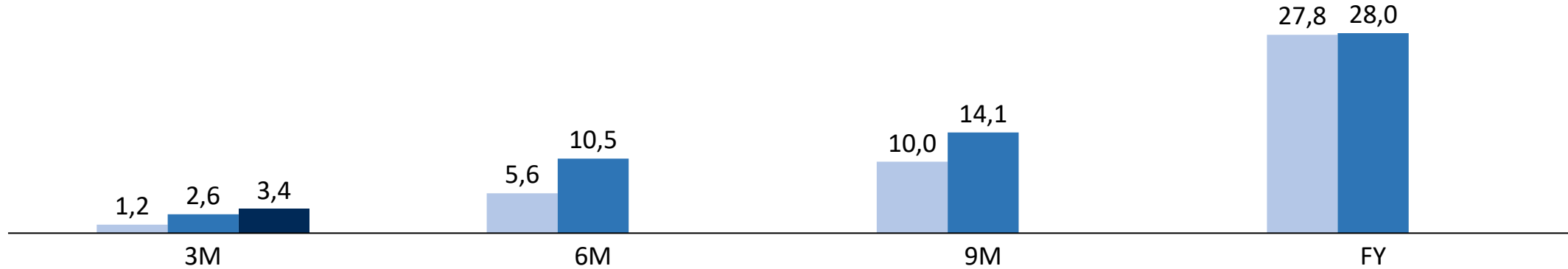
- Defense propulsion order intakes** drive order backlog in Q1 2024
- Significant increase in revenues** thanks to Defense propulsion production and Technology Development Projects
- EBITDA higher than Q1 2023** driven by above increase in revenues
- Positive** effect on **EBIT** also driven by lower depreciations following the review in the second half of 2023 of economic useful lives of certain production assets
- As expected, net cash position significantly lower vs. 2023 year-end** due to flow-down to sub-contractors of cash advances received in 2023 as part of typical business cycle and procurement of certain strategic Long Lead Items of Vega C

(1) Data as of December 2023

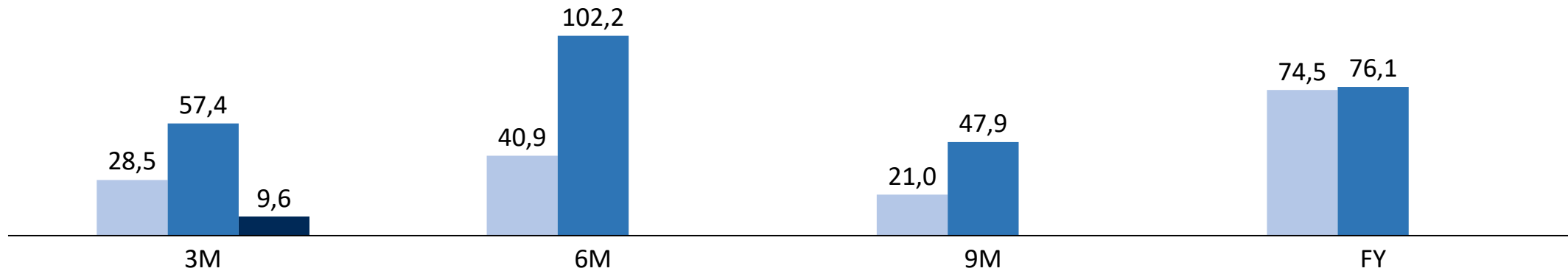
Quarterly evolution of EBITDA and Net Cash Position

Figures in €m

EBITDA Adjusted | Quarterly evolution



Net cash position | Quarterly evolution



2022 2023 2024

Capital returns to shareholders

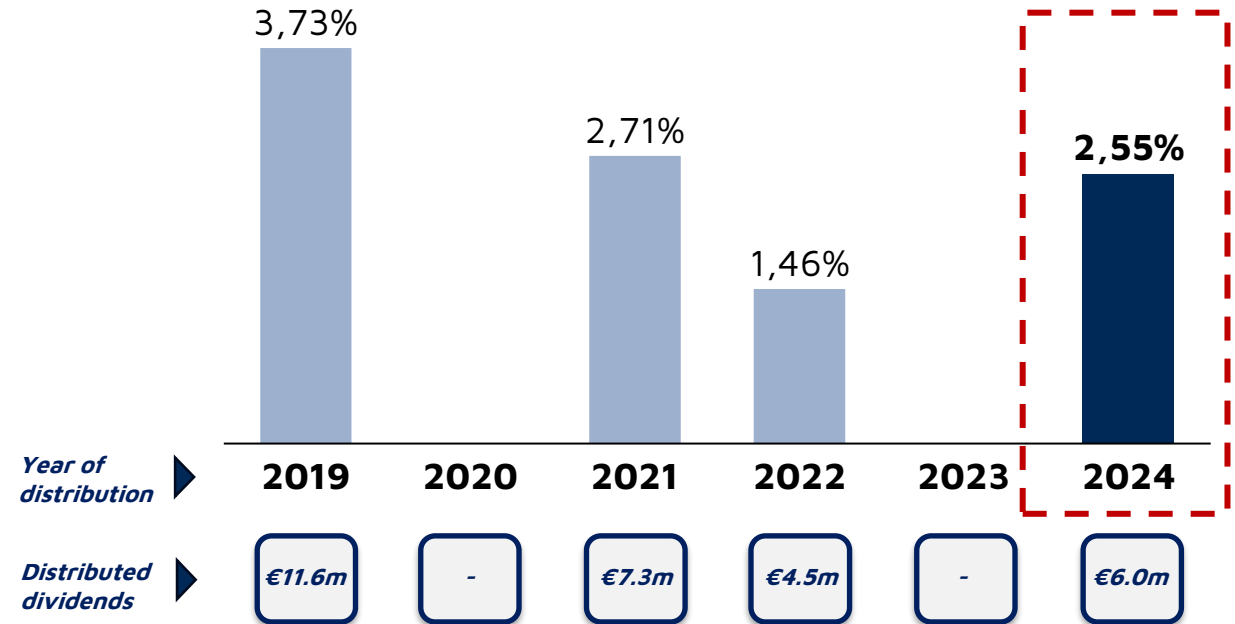
On April 23rd, 2024, **the Shareholders' meeting unanimously approved** the Board proposal of:

- **a dividend distribution of €6.0m** (0.24 per share) with a dividend yield of 2.55%⁽¹⁾, composed of:
 - **€3.75m as ordinary dividend**, equivalent to €0.15 per share
 - **€2.25m as extraordinary dividend from available distributable reserves**, equivalent to €0.09 per share

The dividends have been paid on May 2nd

- **a shares buy-back program** for an amount of **€4.9m**

Dividend yield payment 2019 – 2024



(1) As per Avio FY2023 Result presentation

FY2024 Guidance confirmed



BACKLOG

€m	€m
1.500	1.600

- 10%-15% growth vs 2023
- New orders from defense propulsion business
- Backlog expected to start roll-out



REVENUES

€m	€m
370	390

- 10% growth vs 2023
- Growth on defense propulsion activities and Technological Development Projects



EBITDA REPORTED (1)

€m	€m
21	26

- 10% growth vs 2023
- Backlog roll-out to "unlock" production and economies of scale



NET INCOME

€m	€m
6	10

- 10%-20% growth vs 2023
- Marginal effect of financial charges and taxation

(1) Implying an EBITDA Adjusted ranging from €28m to €33m considering €7m as non recurring costs

Agenda

1. Avio Profile
2. Market Update
3. Business Update
4. Financials
- 5. Appendix**



Avio profile

Avio technology portfolio



Solid Propulsions



Structures



Liquid Propulsion (upper stage)



Avionics



Launch operations



Composite materials

Testing and launch operations in Europe



SRM testing (Z40 and P120)



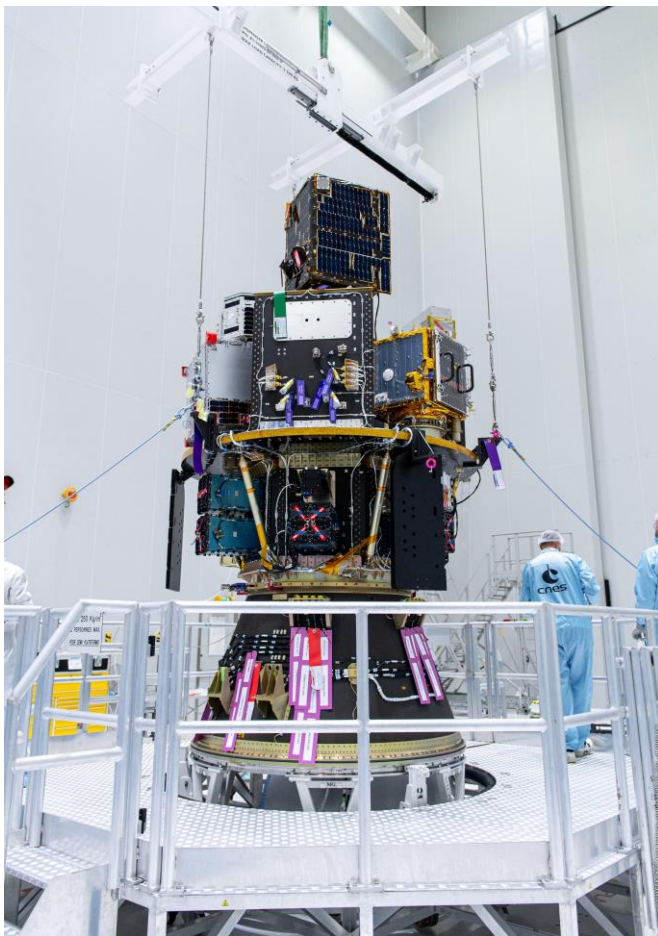
Liquid engines testing (M10)



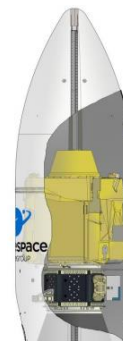
Vega integration

Space launch capabilities today

Vega C
2,3ton Payload in LEO



Vega C - SSMS
Piggyback/Rideshare



Ariane 6
20ton LEO, 11ton GEO

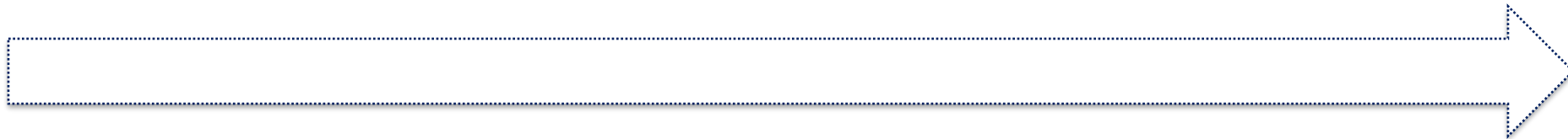


Major shift in Avio responsibilities for Vega operations



Changes in Vega business perimeter to be implemented:

- **Worldwide Sales & Marketing** with end customers (transfer from Arianespace)
- **New launch pad for Vega E (ELA 3)** – transfer from ESA
- **New launcher integration facility BIL** (higher flight rate from 4/y to 6/y) – from ESA
- **Flight operations** FSOA⁽¹⁾ responsibility (transfer from Arianespace)



2015

2016

2017

2018

2019

2020

2021

2023

- Responsibility for the **delivery of launcher up to 4th stage** (before prop load)

- **Visibility on commercial activities** via VESC committee through review of 3 year Business Plan

- Responsibility of **launcher up to lift-off (HO)**

- **AE Vega Business Unit Manager** appointment by Avio&AE
- **Allocation of payloads** between Avio & Vega

- Vega C **exploitation protocol** agreed. Responsibility for upper part design and integration. **Allocation policy** defined

- Responsibility for **Launch Pad complex** and associated facilities and subcontracts

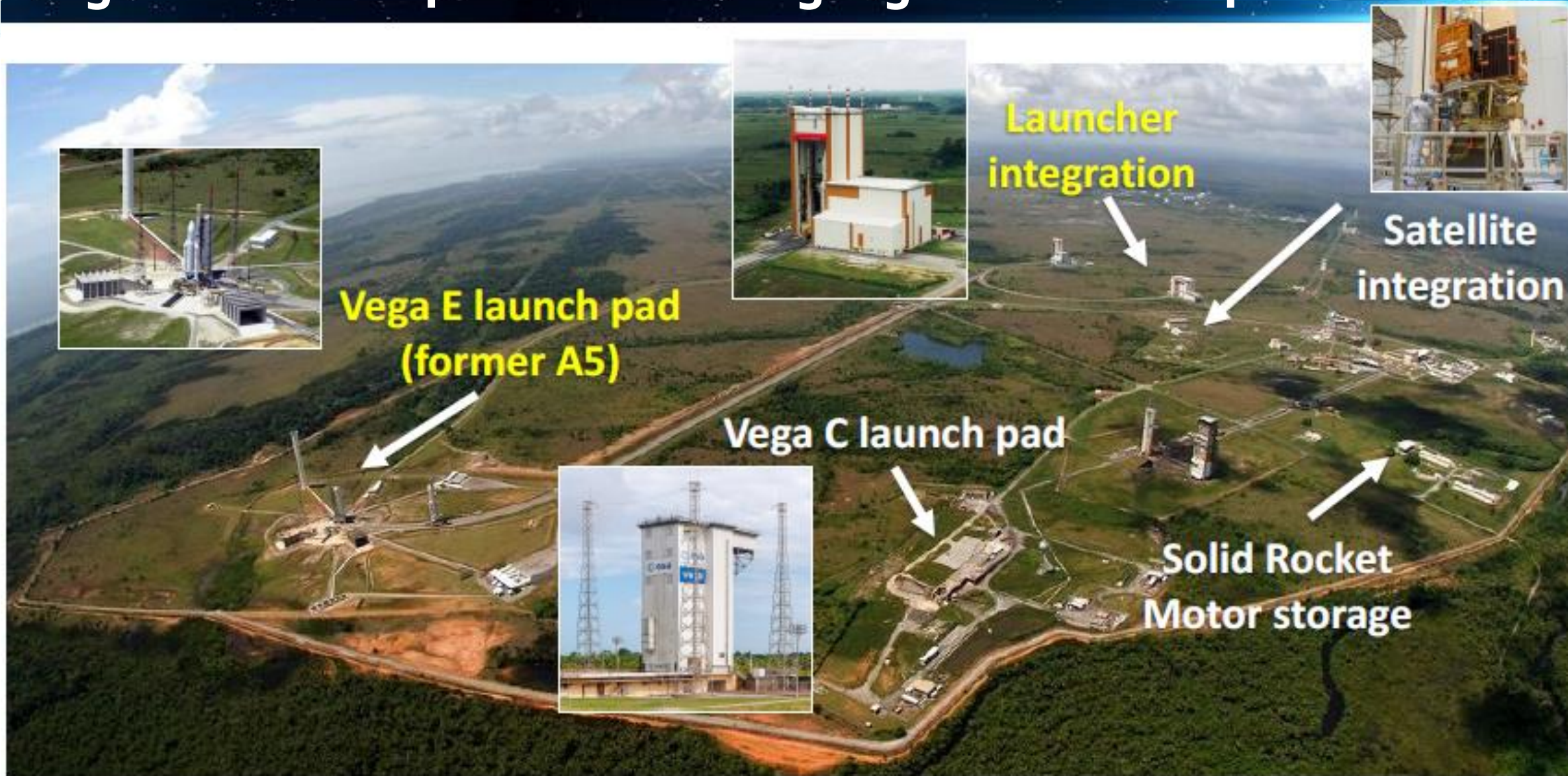
- Responsibility for **satellite integration** with launcher

- Start process to become **Launch Service Provider** (commercial activities) and **Launch Operator** (in-flight responsibilities)

(1) French Space Operations Act



Vega launch complex at CSG – highlight of new responsibilities





Financials

FY 2023 results vs 2022

AVIO Group | Main financials

	2022 Actual (€m)	2023 Actual (€m)	2023 vs. 2022 (€m)
NET REVENUES	357	339 1.	(18,6)
EBITDA REPORTED	21,4	20,5	(0,9)
% on net revenues	N/R 6,0%	N/R 6,1%	
EBITDA ADJUSTED	27,8	28,0 2.	0,2
% on net revenues	6,4 7,8%	7,5 3. 8,3%	
EBIT REPORTED	2,2	5,2	3,0
% on net revenues	0,6%	1,5%	
EBIT ADJUSTED	8,6	12,7 4.	4,1
% on net revenues	2,4%	3,8%	
PROFIT BEFORE TAX	1,4	6,6	5,3
% on net revenues	0,4%	2,0%	
NET INCOME	1,3	6,6 5.	5,3
% on net revenues	0,4%	2,0%	

Main comments

- 1.** Slightly lower revenues (-5%) as a result of lower Vega C (due to return to flight) and P120 production activities partially offset by **boost in technology development projects and defence propulsion**
- 2.** **EBITDA adjusted in line with previous year** for the combined effect of lower energy costs and lower utilization rate of production facilities for slow-down of launchers production activities
- 3.** **Non-recurring** costs mainly related to **Vega C return-to-flight** and exploration of new potential business
- 4.** **Positive** effect on **EBIT** also driven by lower depreciations following the review of economic useful lives of certain production assets in connection with the **phase-out/phase-in** of both **Ariane** (A5>A6) and **Vega** (Vega>Vega C)
- 5.** **Net result at ~€7m** also benefited from positive **financial incomes** (also thanks to cash advances) and **neutral tax** burden

Cash from new contracts contributes to a structurally negative working capital

Figures in €m

AVIO Group | Sources and uses

	2022 Actual (€m)	2023 Actual (€m)	
WORKING CAPITAL	(140,9)	(171,0)	1.
DEFERRED TAX ASSETS	81,5	81,2	
PROVISIONS	(62,9)	(52,8)	2.
GOODWILL	91,8	89,2	
FIXED ASSETS	257,4	285,6	3.
FINANCIAL RECEIVABLES	2,0	2,0	
NET INVESTED CAPITAL	228,8	234,2	
NET CASH POSITION	74,4	76,1	4.
EQUITY	(303,3)	(310,4)	5.
TOTAL SOURCES	(228,8)	(234,2)	

Main comments

1. Working capital structurally negative thanks to cash advances from order intakes
2. Decrease in provisions mainly related to extraordinary costs for Vega C Return to Flight activities (net of ESA compensations) and for the execution of future programs provided for in previous year
3. Mainly for capex for Vega cadence increase, technological innovation projects, A.I. and development of new launchers of Vega family, net of depreciation
4. Net cash position in line with 2022
5. Increase in equity mainly for net income 2023

CONTACTS

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