

AVIO

Sector: Industrials

OUTPERFORM (unchanged)

Target: €39.0 (from €42.0)

On Track for the Next Phase of Growth

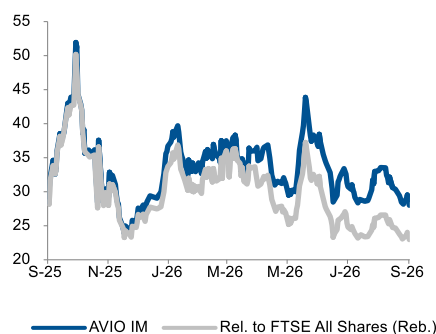
ANALYST(s)

Carlo Maritano +39-02-77115.358
carlo.maritano@intermonte.it

Change (%)	2026E	2027E	2028E
Eps Adj.	20.7%	15.2%	7.3%

Key Data	September 10, 2026
Price (€)	28.0
Upside/(Downside)	39.2%
Sector	Industrials
Reuters Code	AVI.MI
Bloomberg Code	AVIO IM

Performance (%)	1M	3M	12M
Absolute	-15.4%	-23.6%	-1.7%
Relative	-12.4%	-26.0%	-19.4%
12M (H/L)		51.93/23.90	
3M Average Volume (th):		929.44	



Shareholder data

Total no. of Shares (mn):	47
Mkt Cap (€ mn):	1,311
Mkt Float (€ mn):	1,062
Mkt Float (in %):	81.0%
Main Shareholder:	
Leonardo	19.0%

Balance Sheet Data

Book Value (€ mn)	703
BVPS (€)	15.02
P/BV	1.9
Net Financial Position (€ mn)	482
Enterprise Value (€ mn)	743

We continue to view Avio as one of the most attractive ways to gain exposure to the structural growth of the European space and defence sectors. 1H26 results once again highlight the company's execution capability, with revenues growing at a high-teen rate, backlog remaining above €2bn, and several operational milestones achieved, including the successful VV29 mission, the first Ariane 6 launch using four P160C boosters, and continued progress on the US expansion project. In our view, the combination of record backlog, rising defence demand and the strategic partnership with Advent provide strong support for the long-term equity story. The target price reduction is purely attributable to the de-rating of peers.

- **2Q results broadly in line in a low-season quarter. Guidance confirmed.** 2Q26 revenues grew 16.3% YoY to €147.5mn, comfortably above our €139.7mn estimate, reflecting solid execution across both Launch Systems and Defence Propulsion. Adj. EBITDA came in at €6.5mn, only slightly below our forecast, while net cash (€537mn) was a touch better, mainly due to different CapEx phasing. Order intake was above our expectations (€80mn vs €52mn) and could have been even better considering that Avio secured an additional €60mn Vega C production order after the end of the quarter. Beyond operating performance, 1H26 net profit increased markedly YoY (€9.7mn vs €-0.6mn one year ago), benefiting from higher financial income generated by the group's substantial cash position and from the revaluation of certain minority equity investments. Last but not least, management confirmed FY26 guidance: at the mid-point, guidance implies a slight YoY decline of 2H26 revenues, despite the 17.5% growth delivered in 1H26, which we believe reflects management's traditionally prudent approach rather than any deterioration in business momentum.
- **Advent, US expansion, and outlook for demand remain the key value drivers.** Management reiterated that the recently announced Advent transaction is expected to enhance financial flexibility and could accelerate both capacity expansion and vertical integration initiatives. On the US project, management confirmed that all key milestones are being achieved on schedule, with the acquisition of the Virginia site complete, the management team largely in place, and construction expected to start shortly. Management's tone on both the space and defence markets remained highly constructive: on defence, the company highlighted that demand for solid rocket motors continues to exceed previous assumptions, with the estimated supply-demand gap now materially larger than envisaged in the last business plan. Management confirmed strong momentum across Europe and growing opportunities in the US, supporting confidence in a sustained increase of production rates over the coming years.
- **Operational assumptions confirmed, net profit revised upwards.** We substantially confirm our operating estimates. Our 2026 forecasts remain unchanged at Eu600mn revenues and Eu35mn adj. EBITDA, corresponding to levels modestly above the mid-point of management guidance (Eu575mn revenues and Eu33mn adj. EBITDA). We do, however, improve our net profit estimate to reflect higher financial income generated by the sizeable cash position. Importantly, our forecasts still do not incorporate either the cash-in linked to the Advent transaction or the dilution associated with the shares to be issued to Advent, pending completion of the transaction and closing conditions.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (€ mn)	442	542	600	678	752
EBITDA Adj (€ mn)	31	35	35	36	43
Net Profit Adj (€ mn)	10	12	13	12	16
EPS New Adj (€)	0.373	0.454	0.276	0.255	0.340
EPS Old Adj (€)	0.373	0.454	0.229	0.221	0.317
DPS (€)	0.148	0.148	0.185	0.140	0.192
EV/EBITDA Adj	2.3	nm	21.3	24.7	23.3
EV/EBIT Adj	5.2	nm	nm	nm	nm
P/E Adj	24.5	48.6	nm	nm	82.4
Div. Yield	0.5%	0.5%	0.7%	0.5%	0.7%
Net Debt/EBITDA Adj	-2.9	-17.0	-13.8	-9.2	-5.5

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AVIO - Key Figures

Profit & Loss (€ mn)	2023A	2024A	2025A	2026E	2027E	2028E
Sales	339	442	542	600	678	752
EBITDA	21	26	32	33	34	41
EBIT	5	8	12	10	10	17
Financial Income (charges)	1	-2	1	9	4	3
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	7	7	13	19	14	19
Taxes	-0	-0	-1	-4	-3	-4
Tax rate	-0.3%	-5.6%	-11.3%	-22.5%	-22.5%	-22.5%
Minorities & Discontinued Operations	-0	-0	-1	-1	-1	-1
Net Profit	6	6	10	14	10	14
EBITDA Adj	28	31	35	35	36	43
EBIT Adj	13	14	14	12	12	19
Net Profit Adj	12	10	12	13	12	16
Per Share Data (€)	2023A	2024A	2025A	2026E	2027E	2028E
Total Shares Outstanding (mn) - Average	27	27	27	47	47	47
Total Shares Outstanding (mn) - Year End	27	27	27	47	47	47
EPS f.d	0.239	0.224	0.386	0.297	0.223	0.308
EPS Adj f.d	0.443	0.373	0.454	0.276	0.255	0.340
BVPS f.d	11.069	11.150	25.675	15.016	15.099	15.215
Dividend per Share ORD	0.240	0.148	0.148	0.185	0.140	0.192
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	100.5%	66.2%	66.3%	62.2%	62.9%	62.3%
Cash Flow (€ mn)	2023A	2024A	2025A	2026E	2027E	2028E
Gross Cash Flow	22	24	32	37	35	39
Change in NWC	32	41	129	-48	27	29
Capital Expenditure	-38	-40	-37	-90	-200	-160
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	16	23	125	-103	-140	-94
Acquisitions, Divestments & Other Items	-14	-3	6	0	0	0
Dividends	0	-6	-4	-7	-9	-7
Equity Financing/Buy-back	0	0	375	0	0	0
Change in Net Financial Position	2	14	502	-110	-149	-101
Balance Sheet (€ mn)	2023A	2024A	2025A	2026E	2027E	2028E
Total Fixed Assets	375	394	422	489	665	801
Net Working Capital	-164	-205	-334	-286	-314	-343
Long term Liabilities	23	34	29	30	34	33
Net Capital Employed	234	223	117	232	385	491
Net Cash (Debt)	76	90	592	482	333	232
Group Equity	310	313	708	714	718	723
Minorities	10	10	11	11	11	11
Net Equity	301	303	697	703	706	712
Enterprise Value (€ mn)	2023A	2024A	2025A	2026E	2027E	2028E
Average Mkt Cap	197	248	599	1,311	1,311	1,311
Adjustments (Associate & Minorities)	86	86	86	86	86	86
Net Cash (Debt)	76	90	592	482	333	232
Enterprise Value	35	73	-78	743	892	993
Ratios (%)	2023A	2024A	2025A	2026E	2027E	2028E
EBITDA Adj Margin	8.3%	7.1%	6.4%	5.8%	5.3%	5.7%
EBIT Adj Margin	3.8%	3.1%	2.7%	2.0%	1.8%	2.5%
Gearing - Debt/Equity	-24.5%	-28.8%	-83.5%	-67.5%	-46.4%	-32.1%
Interest Cover on EBIT	nm	5.2	nm	nm	nm	nm
Net Debt/EBITDA Adj	-2.7	-2.9	-17.0	-13.8	-9.2	-5.5
ROACE*	2.3%	3.7%	7.0%	5.7%	3.3%	3.8%
ROE*	4.1%	3.4%	2.5%	1.8%	1.7%	2.2%
EV/CE	0.2	0.3	nm	4.3	2.9	2.3
EV/Sales	0.1	0.2	nm	1.2	1.3	1.3
EV/EBITDA Adj	1.2	2.3	nm	21.3	24.7	23.3
EV/EBIT Adj	2.7	5.2	nm	nm	nm	nm
Free Cash Flow Yield	1.2%	1.7%	9.4%	-7.9%	-10.8%	-7.2%
Growth Rates (%)	2023A	2024A	2025A	2026E	2027E	2028E
Sales	-5.2%	30.4%	22.7%	10.8%	13.0%	10.8%
EBITDA Adj	0.8%	11.7%	11.1%	0.5%	3.4%	17.8%
EBIT Adj	48.0%	8.8%	4.4%	-17.5%	1.5%	53.2%
Net Profit Adj	103.3%	-15.8%	21.6%	4.8%	-7.6%	33.3%
EPS Adj	103.3%	-15.8%	21.6%	-39.2%	-7.6%	33.3%
DPS	nm	-38.2%	0.0%	24.3%	-23.9%	36.7%

*Excluding extraordinary items Source: Intermonte SIM Estimates

2Q26 Results

Avio – 2Q26 results

	1Q25A	2Q25A	1H25A	2H25A	2025A	1Q26A	2Q26A	2Q26E	A vs E
Net Revenues	108.0	126.9	234.9	306.8	541.7	128.5	147.5	139.7	5.6%
YoY Growth	37.1%	24.6%	30.0%	17.6%	22.7%	19.0%	16.3%	10.1%	
EBITDA Adj.	4.8	6.6	11.4	23.4	34.8	5.7	6.5	6.9	-5.9%
% margin	4.4%	5.2%	4.9%	7.6%	6.4%	4.4%	4.4%	4.9%	
EBITDA rep.	4.0	6.0	10.0	22.3	32.3	5.2	6.7	6.4	4.7%
% margin	3.7%	4.7%	4.3%	7.3%	6.0%	4.0%	4.5%	4.6%	
EBIT Adj.	-0.1	1.5	1.4	13.0	14.5	0.4	1.1	1.5	-25.0%
% margin	-0.1%	1.2%	0.6%	4.2%	2.7%	0.3%	0.8%	1.1%	
EBIT rep.	-0.9	0.9	0.0	11.9	12.0	-0.1	1.3	1.0	32.5%
% margin	-0.8%	0.7%	0.0%	3.9%	2.2%	-0.1%	0.9%	0.7%	
Net Cash/ (Net Debt)	59	75	75	592	592	559	536	520	3.0%
Order Intake	92	89	181	803	984	79	80	52	54.5%
Book-to-bill	0.9 x	0.7 x	0.8 x	2.6 x	1.8 x	0.6 x	0.5 x	0.4 x	
Order backlog	1708	1670	1670	2166	2166	2116	2048	2028	1.0%

Source: Intermonte SIM

Avio – Implied 2H estimates

	1Q25A	2Q25A	1H25A	2H25A	2025A	1Q26A	2Q26A	1H26A	2H26E	2026E
Net Revenues	108.0	126.9	234.9	306.8	541.7	128.5	147.5	276.0	324.3	600.3
YoY Growth	37.1%	24.6%	30.0%	17.6%	22.7%	19.0%	16.3%	17.5%	5.7%	10.8%
EBITDA Adj.	4.8	6.6	11.4	23.4	34.8	5.7	6.5	12.2	22.7	34.9
% margin	4.4%	5.2%	4.9%	7.6%	6.4%	4.4%	4.4%	4.4%	7.0%	5.8%
EBITDA rep.	4.0	6.0	10.0	22.3	32.3	5.2	6.7	11.9	21.0	32.9
% margin	3.7%	4.7%	4.3%	7.3%	6.0%	4.0%	4.5%	4.3%	6.5%	5.5%
EBIT Adj.	-0.1	1.5	1.4	13.0	14.5	0.4	1.1	1.5	10.4	11.9
% margin	-0.1%	1.2%	0.6%	4.2%	2.7%	0.3%	0.8%	0.6%	3.2%	2.0%
EBIT rep.	-0.9	0.9	0.0	11.9	12.0	-0.1	1.3	1.2	8.7	9.9
% margin	-0.8%	0.7%	0.0%	3.9%	2.2%	-0.1%	0.9%	0.4%	2.7%	1.7%
Financial Charges			0.3	1.2	1.1			8.1	-2.8	8.6
Pre-Tax			0.4	12.7	13.1			9.3	9.2	18.6
Taxes			-0.5	-0.9	-1.5			-0.2	-4.0	-4.2
Minorities			-0.4	-0.7	-1.1			0.5	-1.0	-0.5
Net Income			-0.6	11.0	10.5			9.7	4.2	13.9
Net Cash/ (Net Debt)	59	75	75	592	592	559	536	536	482	482
Order Intake	92	89	181	803	984	79	80	158	346	504
Book-to-bill	0.9 x	0.7 x	0.8 x	2.6 x	1.8 x	0.6 x	0.5 x	0.6 x	1.1 x	0.8 x
Order backlog	1708	1670	1670	2166	2166	2116	2048	2048	2070	2070

Source: Company data & Intermonte SIM Estimates

Feedback from conference call

The main takeaways from the conference call are the following:

- **Amazon ordered six additional Ariane 6 launches**, taking total contracted launches to 24. Management believes this could push P160C booster production above the previously targeted rate of 35 units per year and further support Ariane 6 launch cadence.
- **Demand for solid rocket motors continues to exceed expectations**. Management indicated that the estimated supply-demand gap has widened by roughly 40% vs the assumptions embedded in last year's business plan, reinforcing confidence in future capacity expansion plans.
- **US expansion remains on track**. Avio has completed the key management hires, acquired the Virginia site, secured incentive packages, and is preparing to start construction work by month-end.
- **Advent's €109mn investment provides additional flexibility** to accelerate capacity expansion and potentially pursue selective M&A opportunities aimed at strengthening vertical integration and supply chain control.
- **Launcher market demand remains very strong**. Management expects approximately 7-8 Ariane 6 launches and 3 Vega launches in 2026, while highlighting rising institutional and commercial demand across both Europe and the US.
- **Further production rate increases for Ariane 6 and Vega are under evaluation**. Management indicated that Ariane 6 could eventually move towards 12 launches per year, supported by additional investments and ESA funding initiatives, while Vega C may move towards 6 launches per year.
- **Defence momentum remains robust**. The company continues to receive new orders and reiterated that additional opportunities are expected from both European and US customers, although timing remains difficult to predict.
- **US defence opportunities remain largely in the future for Avio**. Management stressed that qualification activities are progressing as planned and that substantial production volumes are expected only after completion of the qualification process over the next few years.
- **The liquid propulsion demonstrator remains on schedule**. Ground testing is planned before year-end 2026, with the first flight expected in 2027. The programme is strategically important as it uses technologies and engine architecture intended for future launcher developments.
- **Guidance was confirmed**, with management highlighting continued confidence in sustaining the company's track record of double-digit growth despite a challenging geopolitical backdrop.

Change to Estimates

Avio – Change to Estimates

	New estimates					Old estimates					Change				
	26	27	28	29	30	26	27	28	29	30	26	27	28	29	30
Net Revenues	600	678	752	912	1,050	600	678	752	912	1,050	0%	0%	0%	0%	0%
YoY	10.8%	13.0%	10.8%	21.4%	15.0%	10.8%	13.0%	10.8%	21.4%	15.0%					
EBITDA Adj.	35	36	43	71	99	35	36	43	71	99	0%	0%	0%	0%	0%
% margin	5.8%	5.3%	5.7%	7.8%	9.4%	5.8%	5.3%	5.7%	7.8%	9.4%					
EBITDA	33	34	41	69	97	33	34	41	69	97	0%	0%	0%	0%	0%
% margin	5.5%	5.0%	5.4%	7.5%	9.2%	5.5%	5.0%	5.4%	7.5%	9.2%					
D&A	-23	-24	-24	-42	-45	-23	-24	-24	-42	-45					
EBIT Adj.	12	12	19	29	54	12	12	19	29	54	0%	0%	0%	0%	0%
% margin	2.0%	1.8%	2.5%	3.2%	5.1%	2.0%	1.8%	2.5%	3.2%	5.1%					
EBIT	10	10	17	27	52	10	10	17	27	52	0%	0%	0%	0%	0%
% margin	1.7%	1.5%	2.2%	3.0%	5.0%	1.7%	1.5%	2.2%	3.0%	5.0%					
Net Financials	9	4	3	2	1	3	2	1	1	1					
Pre-Tax	19	14	19	29	54	13	12	18	28	53	48%	17%	8%	3%	1%
Taxes	-4	-3	-4	-7	-12	-3	-3	-4	-6	-12					
Minorities	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1					
Net profit	14	10	14	22	41	9	9	13	21	40	51%	18%	8%	4%	1%
Net profit Adj	13	12	16	23	42	11	10	15	23	42	21%	15%	7%	3%	1%
EPS Adj.	0.3	0.3	0.3	0.5	0.9	0.2	0.2	0.3	0.5	0.9	21%	15%	7%	3%	1%
Net Cash	482	333	232	162	145	493	345	244	174	156	-11	-12	-12	-12	-12

Source: Intermonte SIM

Avio – Intermonte estimates vs guidance

	2026 Company guidance			Intermonte 2026 Est.	Δ vs mid-point
	Low-end	Mid-point	High-end		
Backlog	2000	2050	2100	2070	1.0%
Revenues	560	575	590	600	4.4%
EBITDA Adj.	29	33	37	35	5.9%
EBITDA reported	27	31	35	33	6.2%
Net Income	8	10.5	13	14	32.3%

Source: Intermonte SIM

Financials

Avio – P&L

	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Net Revenues	442	542	600	678	752	912	1050	1148	1223	1275	1334	1386
% growth	30.4%	22.7%	10.8%	13.0%	10.8%	21.4%	15.0%	9.3%	6.5%	4.3%	4.7%	3.9%
EBITDA Adjusted	31	35	35	36	43	71	99	125	143	156	166	174
% margin	7.1%	6.4%	5.8%	5.3%	5.7%	7.8%	9.4%	10.9%	11.7%	12.3%	12.4%	12.6%
% YoY growth	11.7%	11.1%	0.5%	3.4%	17.8%	66.4%	39.3%	27.2%	14.0%	9.3%	5.8%	5.2%
EBITDA	26	32	33	34	41	69	97	123	141	154	164	172
% margin	5.8%	6.0%	5.5%	5.0%	5.4%	7.5%	9.2%	10.8%	11.5%	12.1%	12.3%	12.4%
D&A	-17	-20	-23	-24	-24	-42	-45	-45	-45	-45	-45	-45
EBIT Adjusted	14	14	12	12	19	29	54	80	98	111	120	129
% margin	3.1%	2.7%	2.0%	1.8%	2.5%	3.2%	5.1%	7.0%	8.0%	8.7%	9.0%	9.3%
EBIT	8	12	10	10	17	27	52	78	96	109	118	127
% margin	1.9%	2.2%	1.7%	1.5%	2.2%	3.0%	5.0%	6.8%	7.8%	8.6%	8.9%	9.1%
Net financial charges	-2	2	5	4	3	2	1	2	2	3	3	4
Pretax	7	13	19	14	19	29	54	80	98	112	121	130
Taxes	0	-1	-4	-3	-4	-7	-12	-18	-22	-25	-27	-29
tax rate	-6%	-11%	-23%	-23%	-23%	-23%	-23%	-23%	-23%	-23%	-23%	-23%
Minorities	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Net Profit	6	10	14	10	14	22	41	61	75	86	93	100
% YoY Growth	-6%	72%	33%	-25%	38%	52%	86%	49%	23%	14%	9%	7%
Adjusted Net Profit	10	12	13	12	16	23	42	62	76	87	94	101

Source: Company data & Intermonte SIM Estimates

Avio – Balance Sheet

	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Fixed Assets	394	422	489	665	801	894	959	979	984	988	993	997
Working Capital	-205	-334	-286	-314	-343	-356	-378	-402	-425	-439	-455	-472
% on sales	-46%	-62%	-48%	-46%	-46%	-39%	-36%	-35%	-35%	-34%	-34%	-34%
Def. tax assets/liab.	88	88	91	94	97	100	103	106	109	112	115	118
Provisions for risks	-44	-49	-52	-51	-54	-59	-72	-85	-94	-102	-108	-113
Employee benefits	-9	-9	-9	-9	-9	-9	-9	-9	-9	-10	-10	-10
Net Invested Capital	223	117	232	385	491	569	603	588	563	549	535	519
Equity	303	697	703	706	712	720	736	760	790	823	860	899
Minorities	10	11	11	11	11	11	11	11	11	11	11	11
Total Equity	313	708	714	718	723	731	747	771	801	835	871	910
Net Cash (Debt)	90	592	482	333	232	162	145	183	237	285	336	391

Source: Company data & Intermonte SIM Estimates

Avio – Cash Flow

	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Net profit	6	12	14	11	15	23	41	62	76	86	94	101
D&A	17	20	23	24	24	42	45	45	45	45	45	45
Delta Working Capital	41	129	-48	27	29	13	23	23	23	14	16	18
Change in funds	-1	1	0	0	0	0	0	0	0	0	0	0
Others	-2	0	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3
Operating Cash Flow	63	162	-13	60	66	74	106	128	142	143	153	161
Capex	-40	-37	-90	-200	-160	-135	-110	-65	-50	-50	-50	-50
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
Capital Increase	0	375	0	0	0	0	0	0	0	0	0	0
Dividends	-6	-4	-7	-9	-7	-9	-14	-25	-37	-45	-52	-56
Others	-3	6	0	0	0	0	0	0	0	0	0	0
Cash Flow	14	502	-110	-149	-101	-70	-17	38	54	48	51	55
Net Cash beg. of the year	76	90	592	482	333	232	162	145	183	237	285	336
Cash Flow	14	502	-110	-149	-101	-70	-17	38	54	48	51	55
Net Cash at year end	90	592	482	333	232	162	145	183	237	285	336	391

Source: Company data & Intermonte SIM Estimates

Valuation

Valuation Summary

Avio – Valuation Summary

Method		Weight
DCF (WACC 8.9%, G 3%)	1468 Eu mn	50%
SOP 2030	2156 Eu mn	50%
Weighted Equity value	1812 Eu mn	
NOSH post aucap	46.8 mn	
Target Price	39 Eu ps	

Source: Intermonte SIM

Avio – DCF summary and sensitivity analysis

	Eu mn	WACC					
Discounted Free cash flows 26-35	-100		7.9%	8.4%	8.9%	9.4%	9.9%
Terminal value	891	2.0%	1,428	1,362	1,305	1,256	1,213
Total EV	791	2.5%	1,529	1,448	1,380	1,322	1,272
Net Cash (YE25)	592	3.0%	1,650	1,551	1,468	1,399	1,339
Capital Increase (net of costs)	0	3.5%	1,799	1,674	1,573	1,489	1,417
Sponsor warrant exercise	0	4.0%	1,986	1,826	1,699	1,595	1,509
Financial assets	18						
Tax assets	88						
Employee benefits	-9						
Minorities & Adjustments	-11						
Total EQUITY	1,468						
WACC	8.9%						
Terminal growth	3.0%						

Source: Intermonte SIM

Avio – Sum of the parts (2030)

	Sales '30	Multiple	EV	Note
Space business	621	3.2 x	1,987	Space peers' multiples
Defence business	429	1.9 x	815	Defence peers' multiples
Total EV			2,802	
Net Cash 2030			145	
Associates			18	
Tax Assets			88	
Others			-20	Minorities/Employee benefits
Equity Value			3,032	
Discount factor			0.7	8.9% discount rate
Discounted Equity Value			2,156	

Source: Intermonte SIM

Multiples

Avio – Peer Comparison, Defence Business

Company name	Country	Mkt cap (Eu mn)	EV/Sales			EV/EBITDA			PE		
			2026	2027	2028	2026	2027	2028	2026	2027	2028
Leonardo	IT	28,124	1.4 x	1.2 x	1.1 x	10.8 x	9.1 x	7.8 x	21.2 x	17.5 x	14.8 x
BAE Systems	GB	66,366	1.9 x	1.7 x	1.5 x	13.3 x	12.0 x	10.8 x	23.0 x	20.1 x	17.7 x
Thales	FR	46,481	1.9 x	1.8 x	1.5 x	12.2 x	10.8 x	9.4 x	21.1 x	18.2 x	16.0 x
Rheinmetall	DE	47,357	3.3 x	2.4 x	1.8 x	14.5 x	10.0 x	7.2 x	27.1 x	18.5 x	13.4 x
Northrop Grumman	US	62,886	1.9 x	1.7 x	1.6 x	13.3 x	12.4 x	11.6 x	17.9 x	17.0 x	15.8 x
Lockheed Martin	US	103,924	1.7 x	1.6 x	1.5 x	11.9 x	11.3 x	10.6 x	17.3 x	16.1 x	15.0 x
Saab	SE	27,514	3.2 x	2.6 x	2.2 x	21.7 x	17.4 x	14.2 x	38.5 x	30.1 x	24.5 x
L3Harris Tech.	US	40,036	2.3 x	2.1 x	1.9 x	12.5 x	11.2 x	10.0 x	20.8 x	18.4 x	16.0 x
Kongsberg Gruppen	NO	24,593	5.9 x	3.9 x	2.9 x	28.8 x	18.7 x	13.5 x	41.2 x	27.5 x	20.1 x
Median Defense			1.9 x	1.8 x	1.6 x	13.3 x	11.3 x	10.6 x	21.2 x	18.4 x	16.0 x

Source: FactSet

Avio – Peer Comparison, Space Business

Company name	Country	Mkt cap (Eu mn)	EV/Sales			EV/EBITDA			PE		
			2026	2027	2028	2026	2027	2028	2026	2027	2028
Rocket Lab	US	32,407	38.7 x	26.7 x	19.6 x	n.m.	381.4 x	120.7 x	n.m.	n.m.	227.2 x
Firefly Aerospace	US	3,135	7.6 x	5.1 x	3.3 x	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Intuitive Machines	US	2,222	3.8 x	3.1 x	2.6 x	547.4 x	59.2 x	36.1 x	n.m.	n.m.	137.7 x
Eutelsat Comm.	FR	2,221	2.9 x	3.4 x	3.4 x	5.7 x	6.4 x	6.2 x	n.m.	n.m.	n.m.
Moog	US	10,001	2.8 x	2.6 x	2.4 x	18.8 x	17.9 x	15.9 x	32.0 x	31.0 x	28.5 x
ViaSat	US	8,558	3.0 x	2.8 x	2.5 x	9.4 x	8.8 x	8.0 x	n.m.	n.m.	n.m.
Redwire	US	2,297	4.9 x	4.1 x	3.5 x	n.m.	660.4 x	58.2 x	n.m.	n.m.	n.m.
Chemring Group	GB	1,664	2.9 x	2.5 x	2.2 x	14.6 x	12.3 x	10.5 x	26.2 x	21.5 x	18.2 x
Magellan Aerospace	CA	1,130	1.6 x	1.5 x	1.5 x	12.3 x	10.7 x	9.8 x	24.5 x	19.1 x	17.2 x
Astroscale Holdings	JP	840	16.9 x	9.1 x	5.5 x	n.m.	n.m.	39.4 x	n.m.	n.m.	822.0 x
Satrec Initiative	KR	506	3.0 x	2.3 x	1.9 x	22.2 x	12.9 x	8.8 x	56.4 x	28.5 x	27.4 x
Ducommun	US	2,157	3.2 x	2.9 x	2.6 x	18.2 x	15.6 x	13.8 x	38.0 x	31.1 x	26.7 x
Hexcel	US	5,871	3.6 x	3.2 x	3.0 x	18.5 x	15.5 x	13.5 x	37.4 x	28.7 x	23.5 x
MDA Space	CA	4,018	3.5 x	2.7 x	2.3 x	18.4 x	13.8 x	12.0 x	31.2 x	22.9 x	20.1 x
SES	LU	1,741	2.2 x	2.2 x	2.1 x	5.0 x	4.9 x	4.7 x	n.m.	n.m.	n.m.
Median Space			3.2 x	2.9 x	2.6 x	18.2 x	13.8 x	12.7 x	32.0 x	28.5 x	27.0 x

Source: FactSet

Avio in Brief

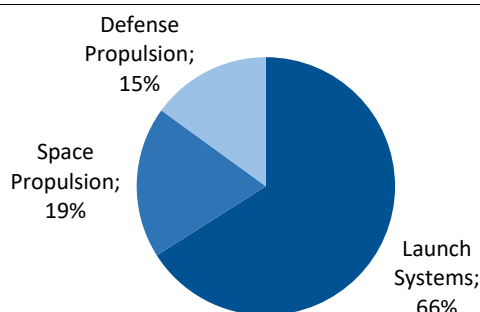
Company Description

Avio is a leading company in space propulsion, based at Colleferro, near Rome, Italy. The company offers solutions for launching institutional, governmental and commercial payloads into Earth orbit using its Vega rocket family. The expertise and know-how acquired over 50 years currently enable Avio to compete in the segment of solid, liquid and cryogenic propulsion for space launchers and military tactical missiles.

Strengths/Opportunities

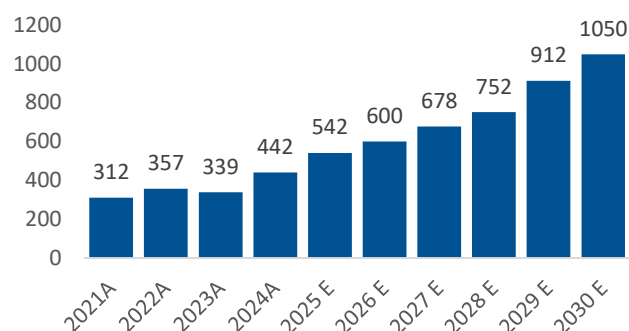
- A leading company operating in a sector with extremely high technological entry barriers
- High visibility thanks to solid backlog
- Exposure to the fast-growing LEO market
- Solid balance sheet able to support future growth
- Launch of new products
- Exploitation of important economies of scale

Figure 1: Revenue Breakdown by Business (2025)



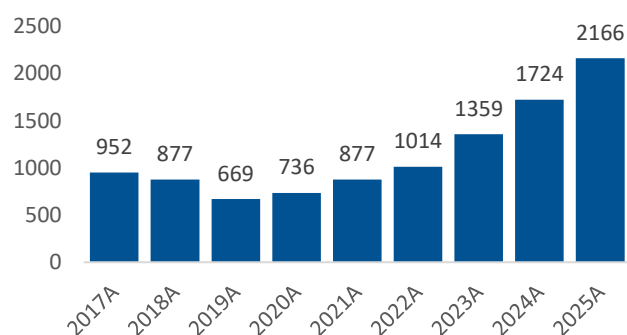
Source: Intermonte SIM

Figure 3: Net Revenues (Eu mn)



Source: Intermonte SIM

Figure 5: Order Backlog (Eu mn)



Source: Intermonte SIM

Management

CEO: Giulio Ranzo
Chairman: Roberto Italia
CFO: Roberto Carassai
Next BoD renewal: 2029
BoD independent members: 5/9

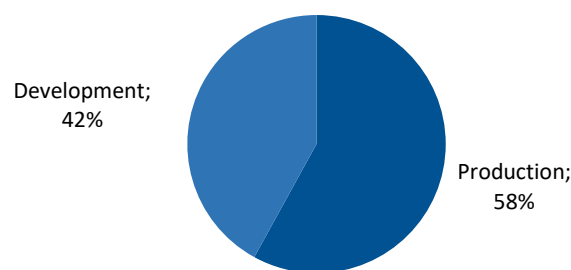
Shareholders

Leonardo	19.30%
Goldman Sachs	4.90%
Barclays	4.04%
Delfin	3.73%
InOrbit	0.91%
Treasury Shares	1.34%
Floating	65.77%

Weaknesses/Threats

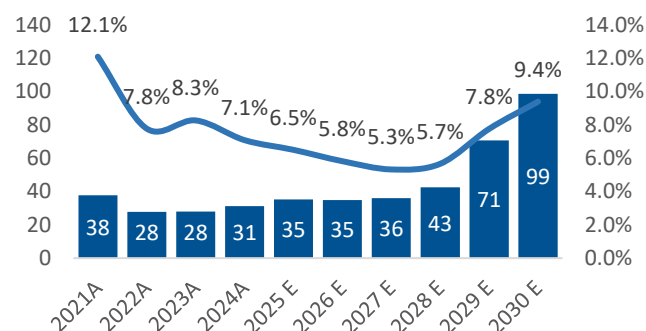
- Products more expensive than those of competitors
- Highly concentrated client base
- Increasing competition
- Deterioration of the macroeconomic environment leading to reduced budget allocations for space programmes
- Launch failures
- Delay in the development of new solutions

Figure 2: Revenue Breakdown by Activity (2025)



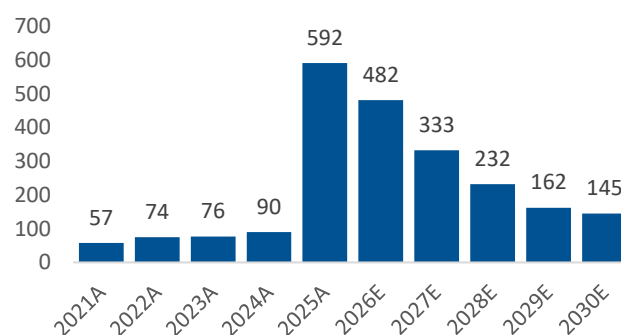
Source: Intermonte SIM

Figure 4: Adjusted EBITDA (Eu mn) and Margin (%)



Source: Intermonte SIM

Figure 6: Net Cash (Eu mn)



Source: Intermonte SIM

DETAILS ON STOCK RECOMMENDATION			
Stock NAME	AVIO		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (€):	39.00	Previous Target (€):	42.00
Current Price (€):	28.01	Previous Price (€):	30.15
Date of report:	11/09/2026	Date of last report:	13/05/2026

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIIB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 11 September 2026 Intermonte's Research Department covered 137 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.47%
OUTPERFORM:	40.88%
NEUTRAL:	29.92%
UNDERPERFORM:	00.73%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (81 in total) is as follows:

BUY:	49.38%
OUTPERFORM:	28.40%
NEUTRAL:	19.75%
UNDERPERFORM:	02.47%
SELL:	00.00%

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Intermonte SIM is acting as advisor to Poste Italiane S.p.A. in the context of the voluntary public purchase and exchange offer promoted on TIM S.p.A. in relation to stock market aspects and institutional investors relationships, as well as intermediary responsible for the coordination of the collection of the offer acceptances.

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