



Investor Presentation

STAR Conference, 13th October 2021

Disclaimer



This document has been prepared by Avio S.p.A. (“Avio” or the “Company”). This document might contain certain forward-looking statements that reflect the Company’s management’s current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on Avio’s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Avio to control or estimate. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation. Avio does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation. Any reference to past performance or trends or activities of Avio shall not be taken as a representation or indication that such performance, trends or activities will continue in the future. This document does not constitute an offer to sell or the solicitation of an offer to buy Avio’s securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of Avio.

Agenda

- **Avio Business**

- Financials

- Appendix

Avio : a pure player in Space Launchers



- 320 M€ revenues (10% CAGR 2014-19)
- 1.000 employees
- 300 M€ Mkt Cap
- 60% free float
- 4% Mgmt share

NEW 2022



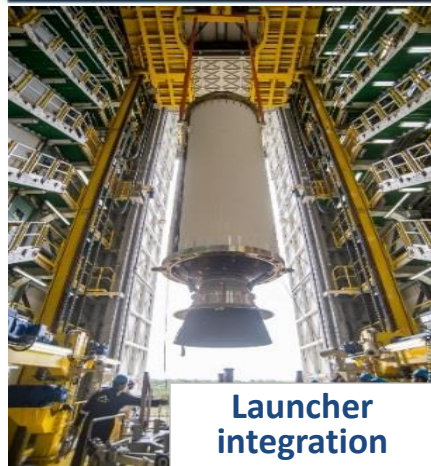
Ariane 6 Vega C



- 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



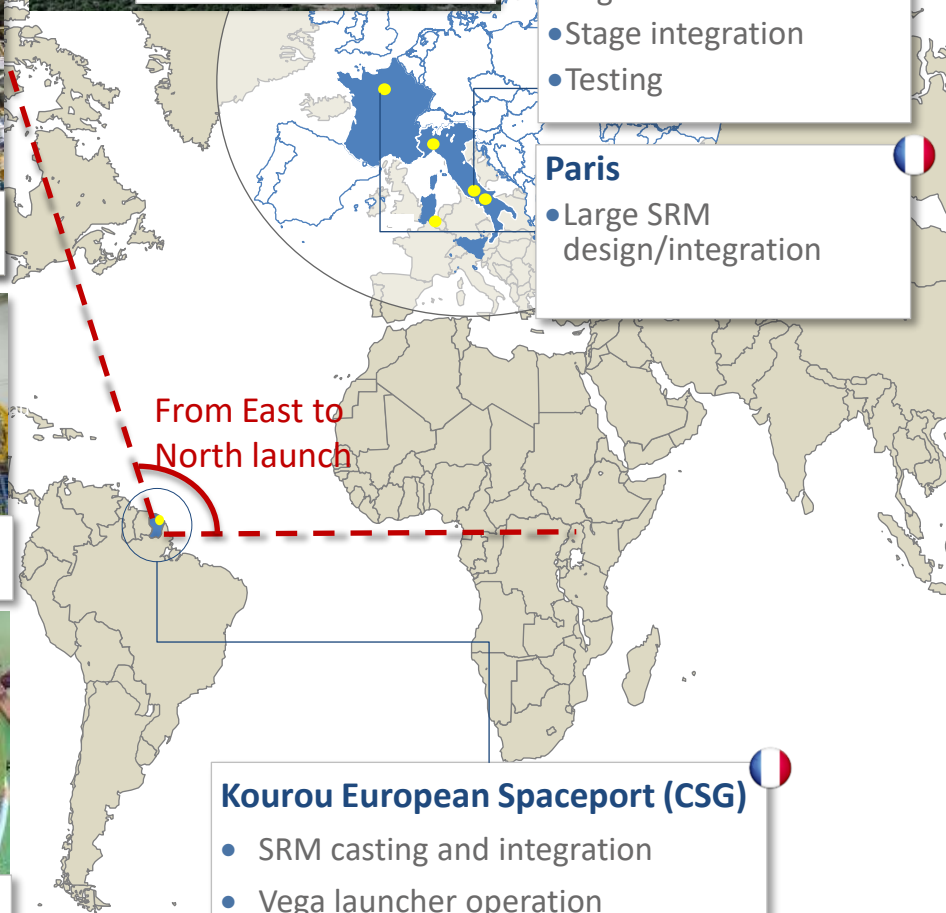
Colleferro

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



Paris

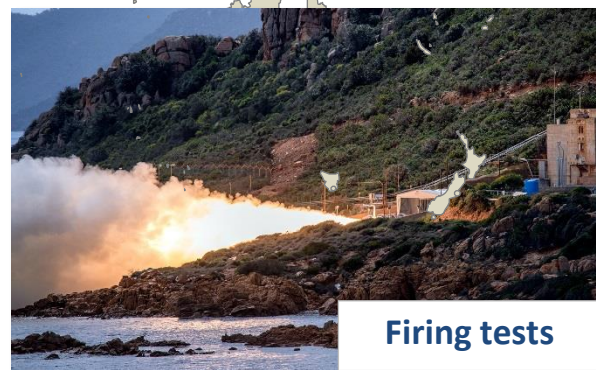
- Large SRM design/integration



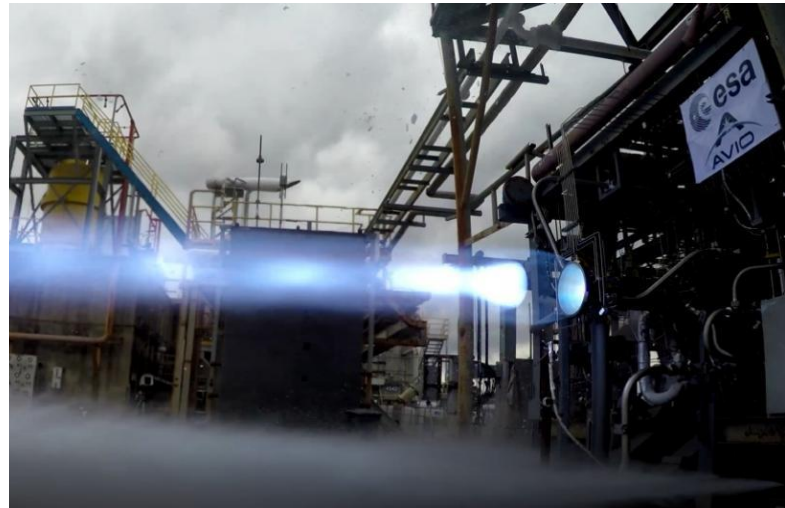
From East to
North launch

Kourou European Spaceport (CSG)

- SRM casting and integration
- Vega launcher operation

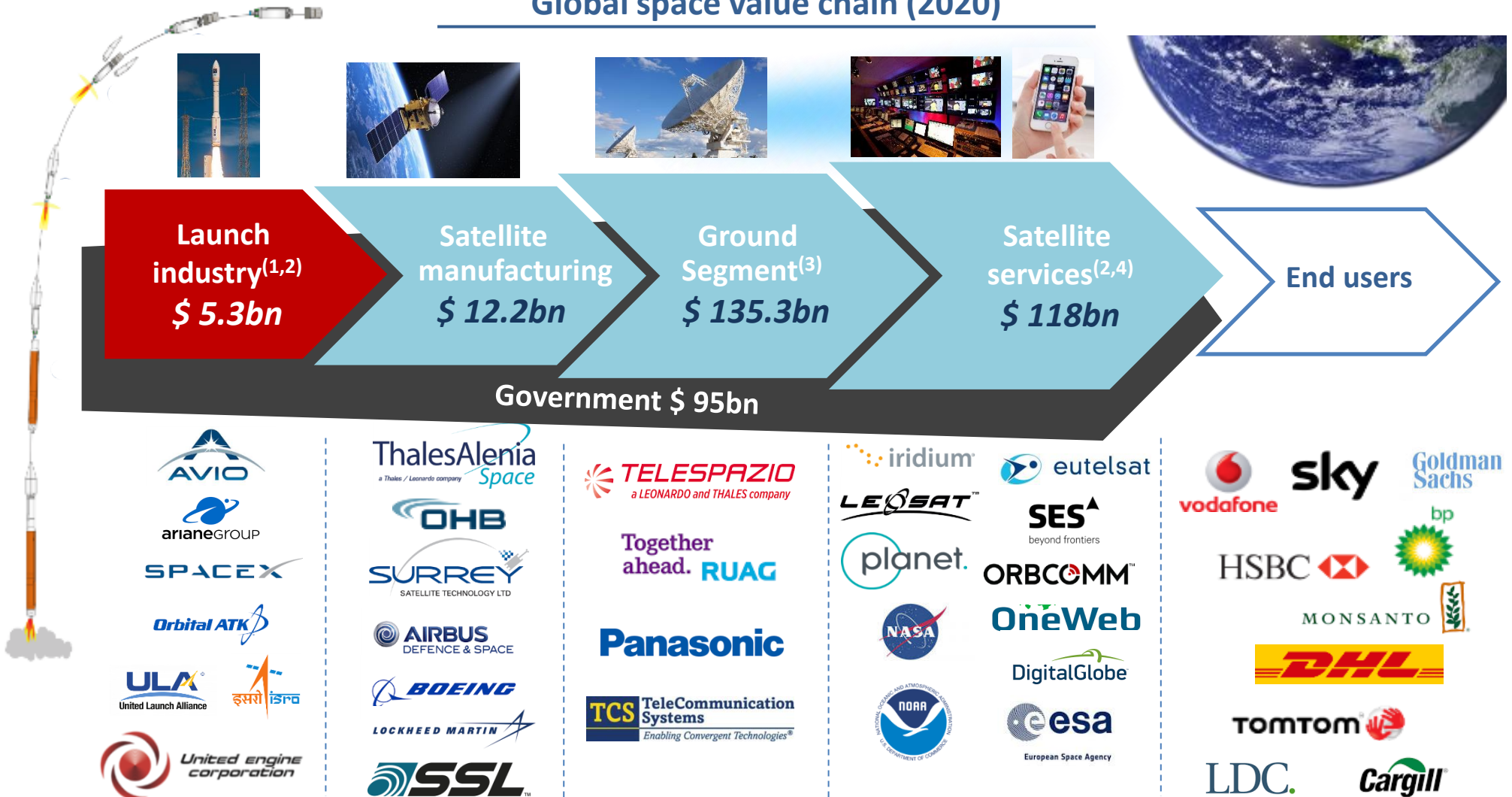


Testing and launch operations in Europe and French Guyana



The launch industry is the gateway to the Space economy

Global space value chain (2020)



Source: Satellite Industry Association (2021)

AVIO SpA- All rights reserved – subject to the restrictions of last page.

(1): Includes launcher manufacturing and launch service activities

(2): Commercial services revenues only

(3): Includes GNSS chipsets and Related

(4): Includes commercial humanflight

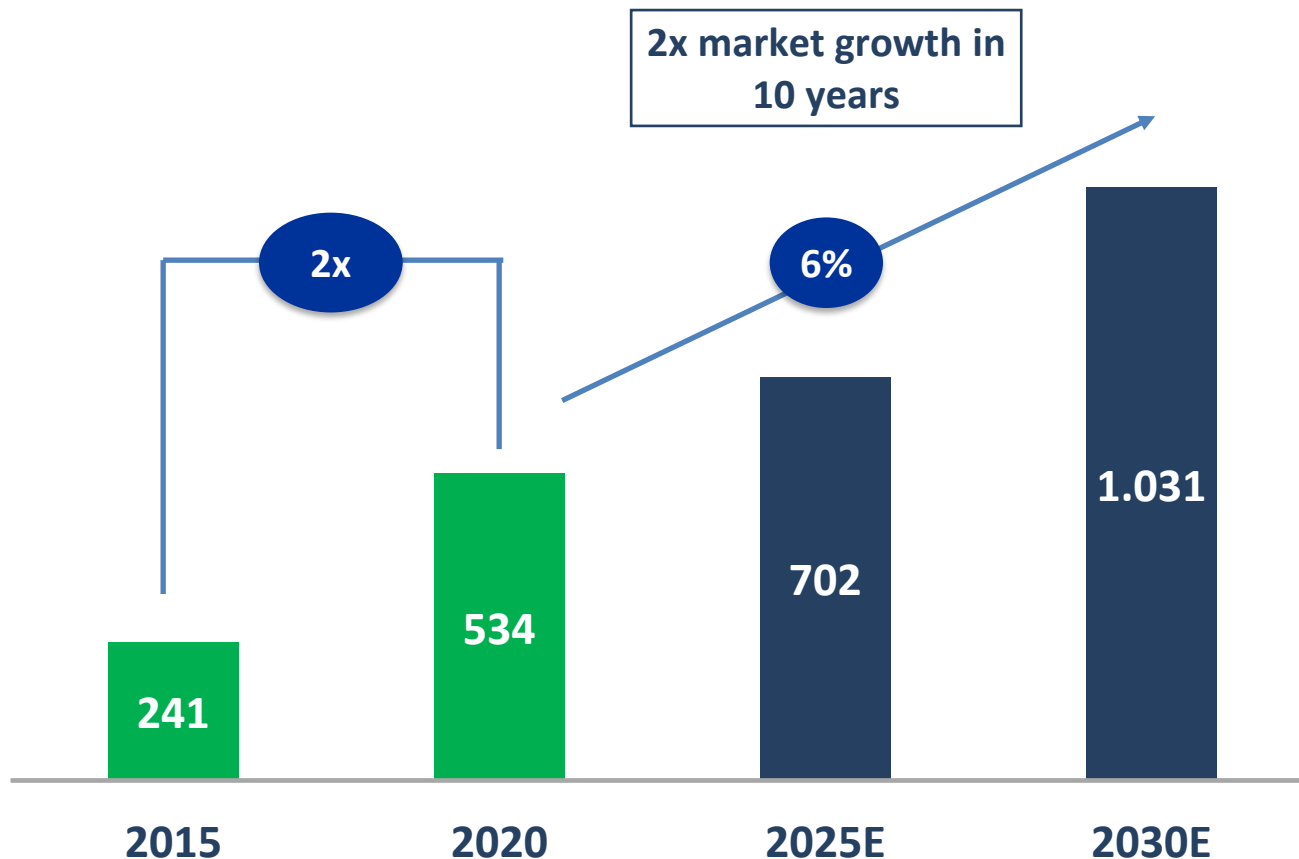
Launch demand continuing to grow fast, especially in the LEO segment (2x current volumes by the end of the decade)



World Market

x% = 2020-'30E CAGR

World Total mass at Launch per year [Tons]



CAGR = 8%

Telco



CAGR = 7%

Science & Exploration



CAGR = 9%

Earth Observation

2 Vega missions successfully performed in 2021, one more to come in Q4



Flight & Production activity



Pléiades Neo3
SSMS-derived
Hexa Payload
Adapter with 5
ancillary payloads

29 April

VV18

Successful return-to-flight mission



Pléiades Neo 4
4 ancillary
payloads

16 August

VV19

Flight schedule:

- 1 Vega flight expected by November with Ceres constellation
- Vega C Maiden Flight expected by Q1 2022

Development & complementary activity

Vega C:

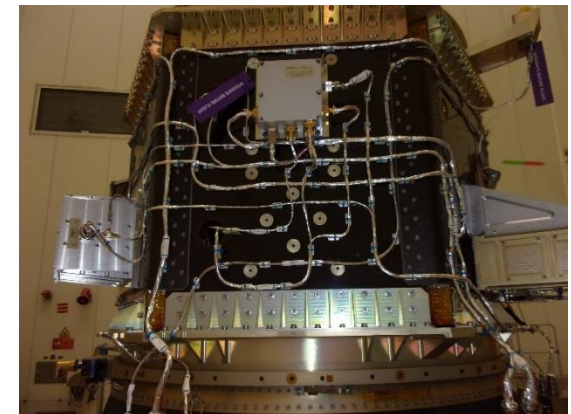
- HWIL* activities for Maiden Flight in progress
- Ground Qualification Review (GQR) in progress

Vega E:

- Signed new contract in July 2021 for the development activities
- SPTF firing test facility for liquid motors completed and commissioning underway



VV18 liftoff



VV18 SSMS-derived Hexa module

Re-established better-than-average reliability track record



IEC recommendations

Thorough identification of the anomaly and line-up of the corrective actions and processes both in Colleferro and in Kourou

Full and permanent revision of the procedures for:

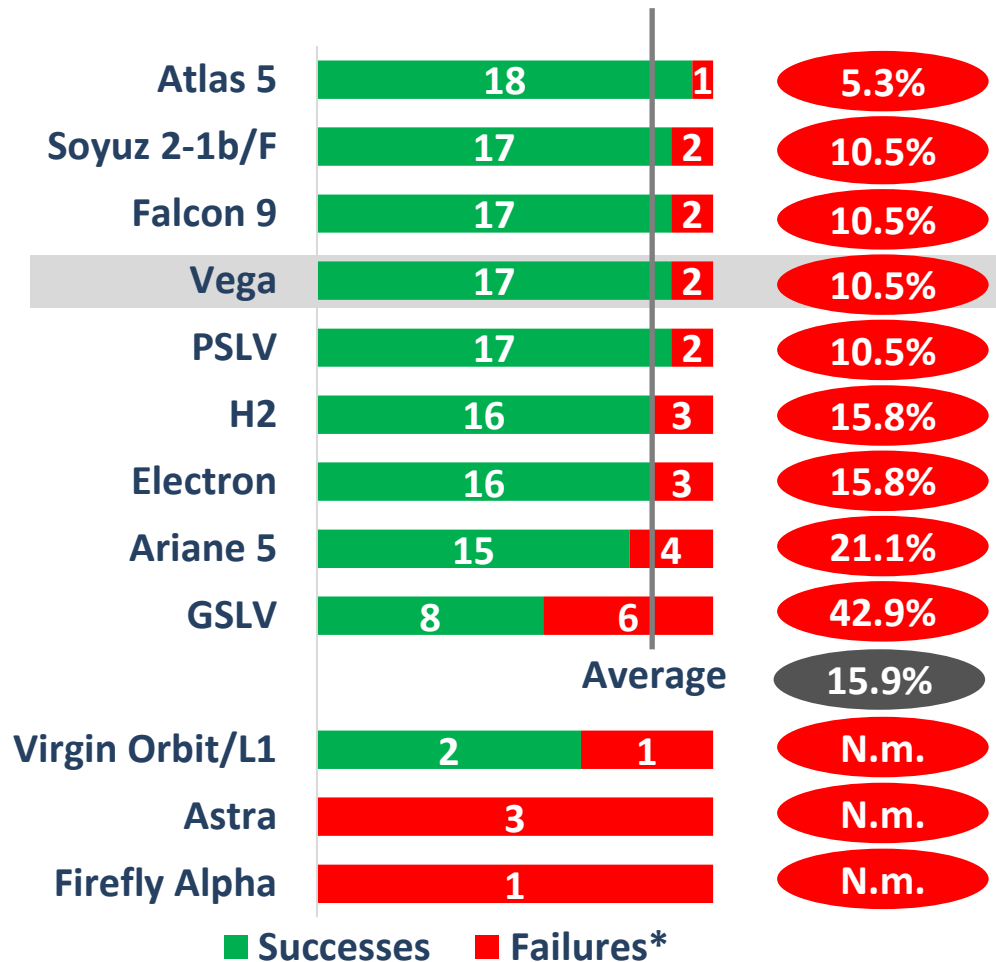
- Manufacturing
- Assembly
- Integration
- Testing

Over-inspections systematically performed on the VV18, VV19 and VV20 launchers

Delivered orbital injection accuracy above expectations for both VV18 and VV19

First 19 missions performance

Failure rate



*Includes partial failures

AVIO SpA- All rights reserved – subject to the restrictions of last page.

Vega E development advancing with ESA contract signature and new test facility completion



Vega E development contract

- ~€120 M development contract signed in July with ESA
- Improved version of Vega with a new **LOX-CH** upper stage engine replacing the last 2 stages of Vega C
- Further improved performance, flexibility and cost competitiveness
- Maiden Flight expected in 2026



Vega E

SPTF completion

- Firing test facility for liquid rocket engines
- Construction works completed
- Commissioning under way
- Firing tests to start by year-end

TPCH M10



TPLOx M10



Comb.
chamber



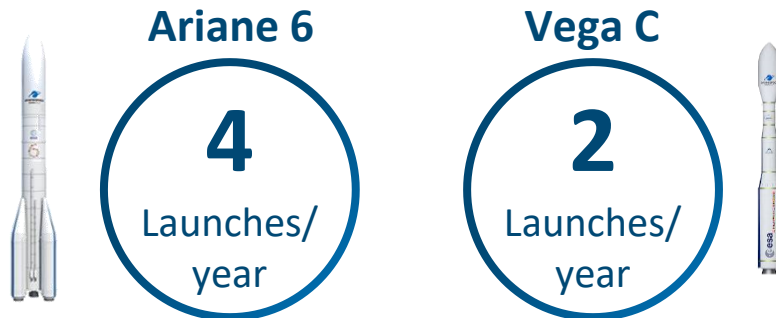
SPTF

Substantial European launch demand secured until the end of the decade

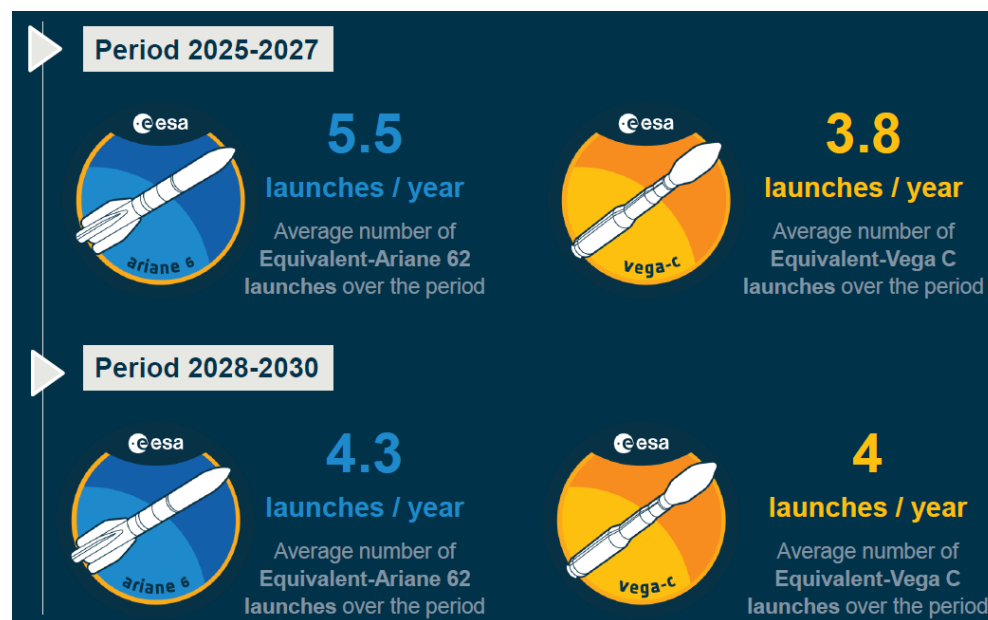


ESA launchers' exploitation framework

- Secured minimum annual launch volumes for European Institutions
- Secured support to maintain operational activities beyond minimum annual volumes
- Model applying by 2025 (i.e. beyond currently signed backlog) on 3-years rolling period



ESA expectation for European Institutional launch demand



Substantial opportunities for new developments from the Italian recovery plan



PNRR + complementary funds: €2.4B in 2022-2026



Satcom

- IoT & QKD1 constellations
- Infrastructure valorization



Earth Observation

- High revisit rate EO constellation
- Italy digital twin
- Incubator for apps and services



In-Orbit Services

- Space tug services demonstration
- Telescopes



Space factory

- Green & high-thrust engines dev & demonstrator
- Industry 4.0 for MAIT2 smallsats

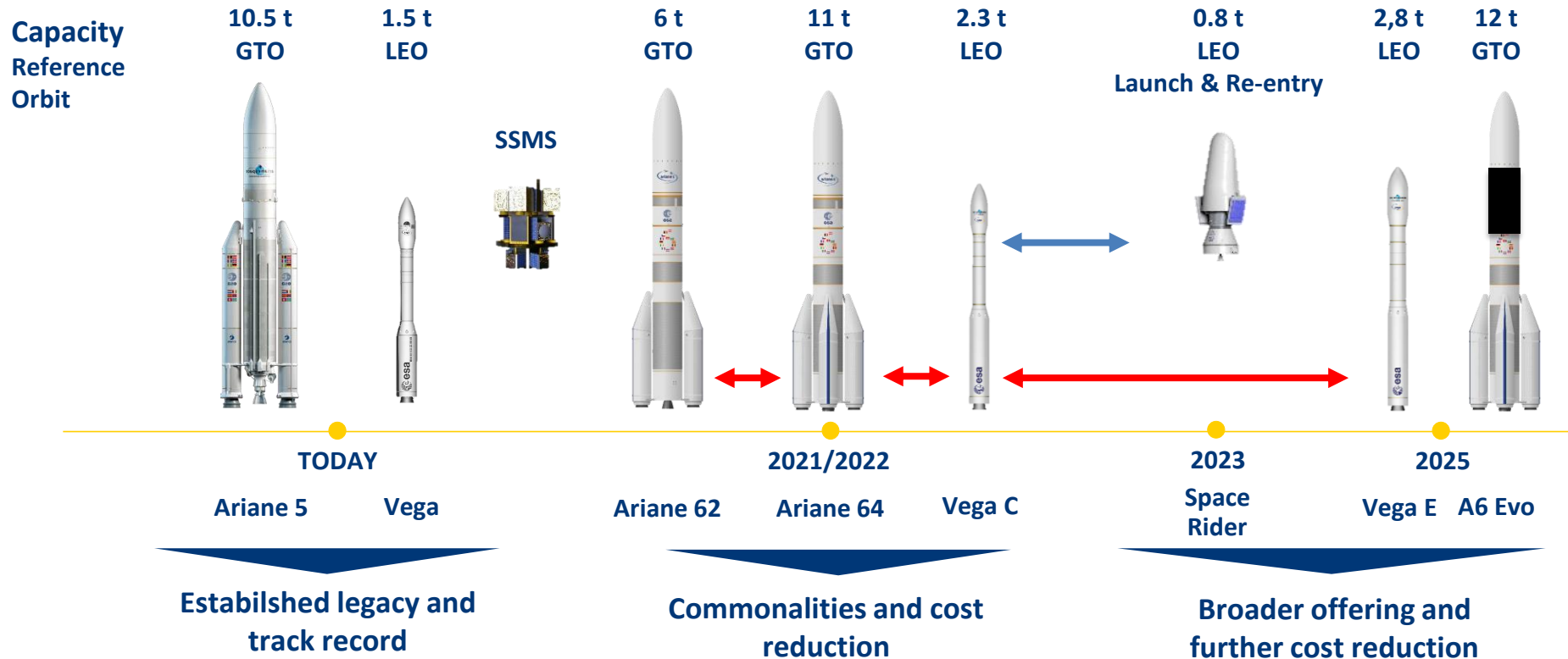
Scope

Initiatives

Launch
relevance



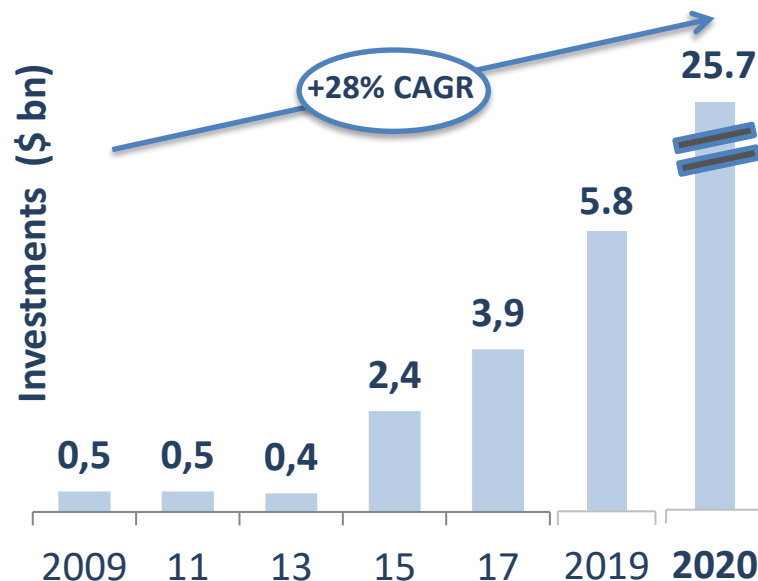
European Launchers – product range evolution roadmap



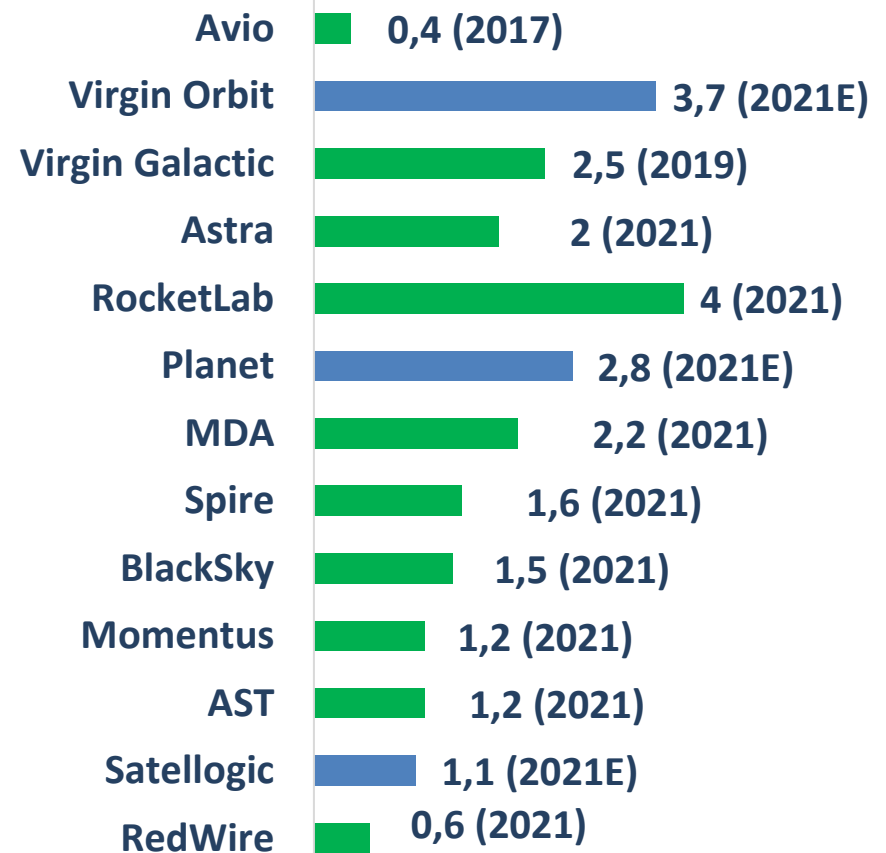
Space is attracting growing equity investments

 = Completed

Equity investments in Space Ventures⁽¹⁾



Space Ventures IPO - Equity value (\$ Bn)



Agenda

- Avio Business

- **Financials**

- Appendix

Softer economic performance, growing order backlog



Business focused on successful return to flight across 1H21

- Focus on flight worthiness of Assembly, Integration and Testing for VV18/VV19/VV20
- Consequent slowdown in development activities, persisting Covid-19 challenges
- New orders for Vega E and Aster propulsion
- Hired new resources to strengthen delivery
 - Backlog: €835M (+13% vs December 2020)
 - Revenues: €128M (-24% vs. HY 2020)
 - EBITDA Adjusted: €10.5M (-47% vs HY 2020)

FY 2021 Guidance

Softer economic performance but improved business visibility thanks to backlog:

- Backlog: €850-900 (+20% vs. FY 2020)
- Revenues: €300-330M (-2% vs. FY 2020)
- EBITDA Adjusted: €35-37M (-16% vs. FY 2020)

Outlook

- Vega and Ariane launch activities on track
- Vega C Maiden Flight Q1 2022, Ariane 6 MF Q2/Q3 2022
- P120 production ramping-up
- ESA Member States securing Ariane and Vega long-term institutional demand
- New development opportunities potentially emerging from Italian PNRR

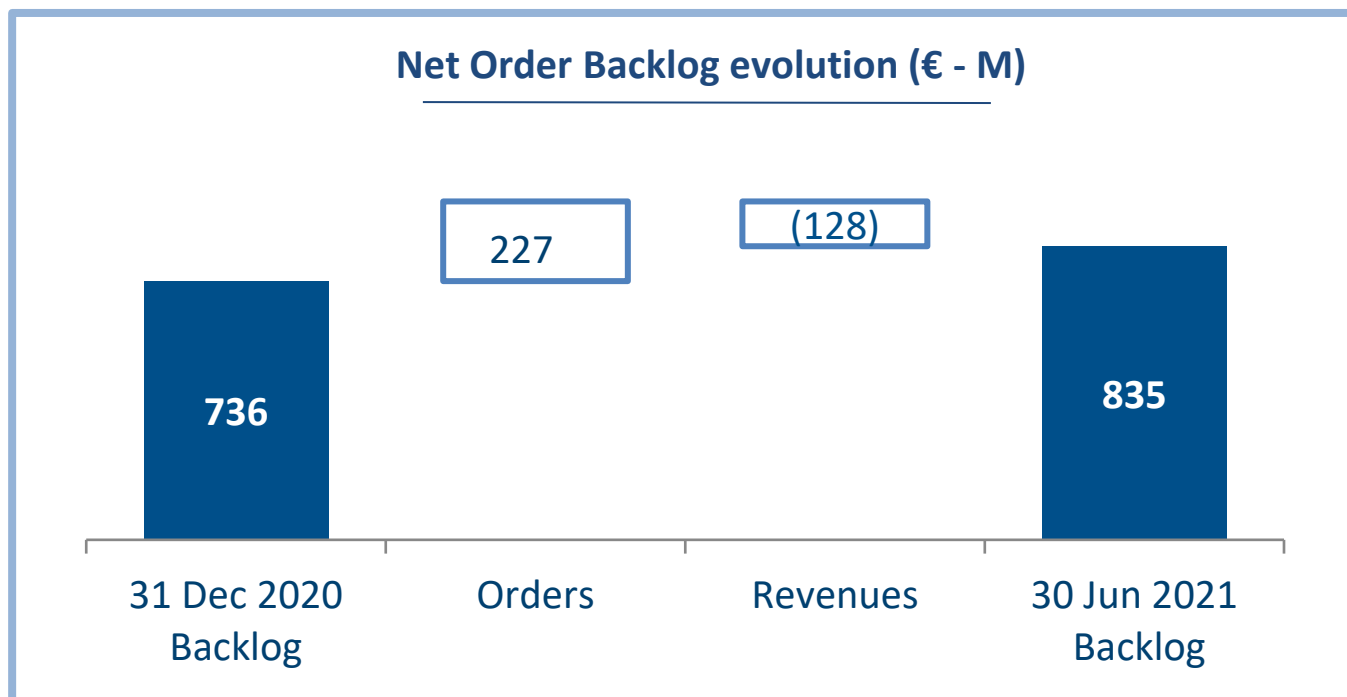
Growth in backlog, slowdown in revenues and margins



| HY 2020 | MAIN ECONOMICS | HY 2021 | DELTA | DELTA | Comments |
|----------------------|-------------------|---------|--------|-------|---|
| € - M | | € - M | € - M | % | |
| 735.9 ⁽¹⁾ | NET ORDER BACKLOG | 835.0 | 99.1 | +13% | Continuous growth of net backlog thanks to Vega E and tactical propulsion contracts, in the context of of HY revenues level |
| 167.9 | REVENUES | 127.7 | (40.2) | -24% | |
| 16.9 | EBITDA REPORTED | 8.1 | (8.8) | -52% | |
| 10.1% | % on net revenues | 6.3% | | | Vega return to flight activities up to April 2021 led to postponement beyond HY 2021 development activities with associated revenues and margins, amid Covid-19 continued impacts |
| 19.9 | EBITDA ADJUSTED | 10.5 | (9.4) | -47% | |
| 11.8% | % on net revenues | 8.2% | | | |
| 8.5 | EBIT REPORTED | (2.4) | (10.9) | N.m. | |
| 5.1% | % on net revenues | (1.9%) | | | |
| 11.5 | EBIT ADJUSTED | 0.0 | (11.5) | N.m. | |
| 6.8% | % on net revenues | N.m | | | |
| 8.4 | NET INCOME/(LOSS) | (2.4) | (10.8) | N.m. | |
| 5.0% | % on net revenues | (1.9%) | | | |

(1) As of 31 December 2020

Net Order Backlog continues to grow



€230 M of new orders in HY 2021 mainly including:

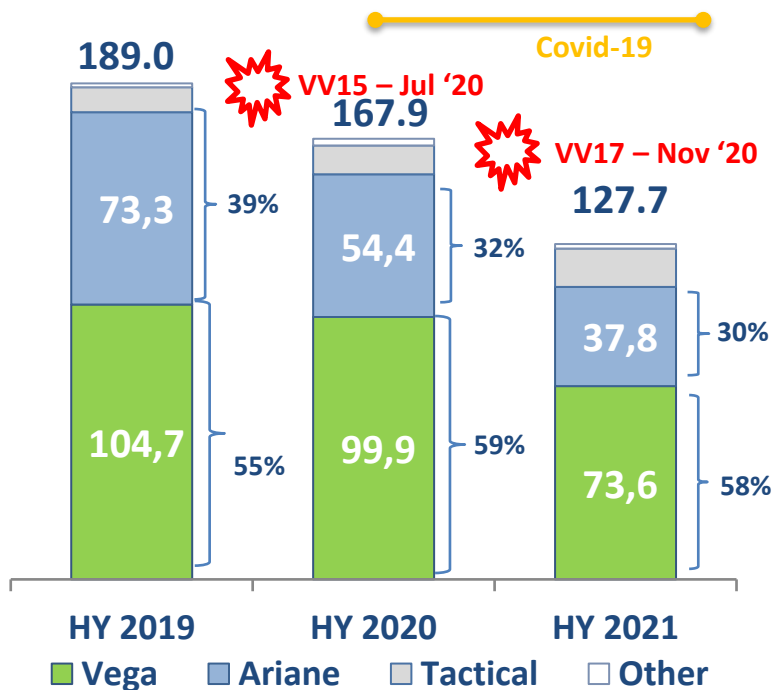
- **Vega E and Vega C:** development and industrial activities (~ €100M)
- **ASTER-30** booster production (> €80M)

Revenues affected by slowdown in Vega C development

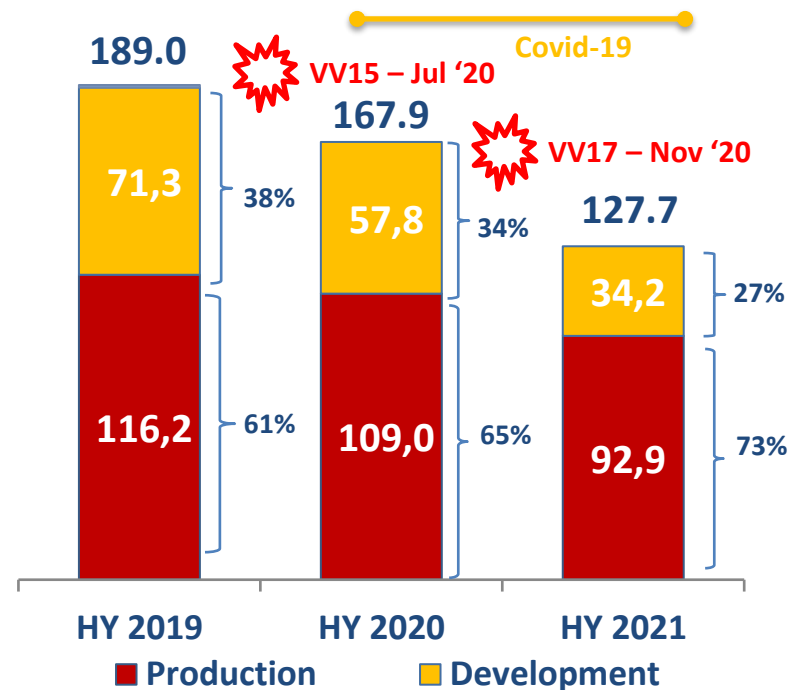


- Almost completed Ariane 5 production and delay in transition to Ariane 6
- Postponement in Vega C development due to Vega return to flight activities

Revenues by Line of Business (€ - M)



Revenues by Activity (€ - M)



Avio FY 2021 Guidance



FY 2021 Guidance

| | | | |
|---------------------|-----------------|---|--|
| • Net Order Backlog | • €850M – €900M | } | • Development and production contracts finalisation (Q3-Q4 2021) |
| • Net Revenues | • €300M – €330M | | • Catch-up of development revenues in the 2H 2021 |
| • EBITDA Reported | • €30M-32M | } | • Impact of 5M non-recurring cost (largely COVID-19)* |
| • Net Income | • €10M - €12M | | • Marginal effect of financial charges and taxation |

Beyond 2021



Strong backlog and net cash position to fuel growth back at pre-Covid levels across 2022 and 2023



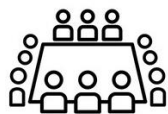
Market and commercial **opportunities growing more than anticipated** (2X market growth by 2030)



Secured EU institutional demand across the decade



2022 PNRR opportunities to support **incremental technological advances** in the period 2022-2026



Preparing the 2022 ESA Ministerial Council **to secure new development contracts** to further extend product roadmap

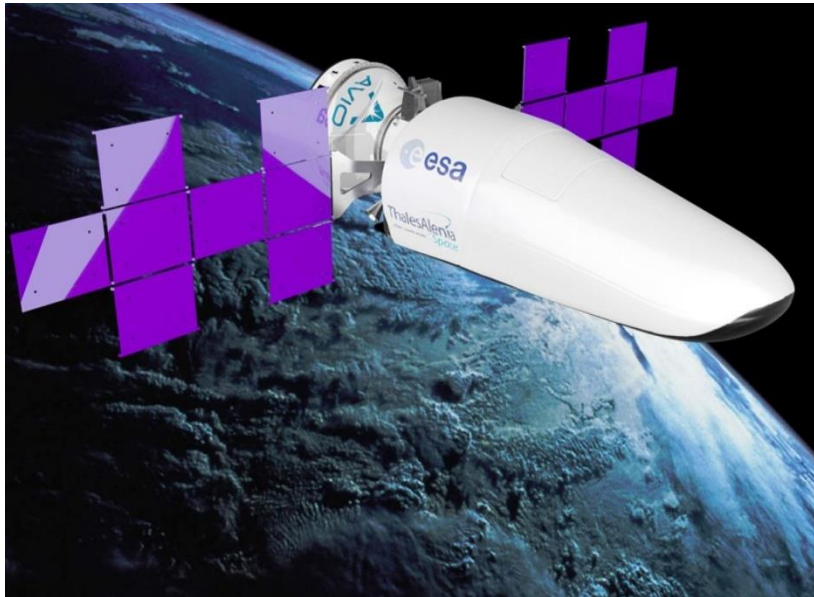
Agenda

- Avio Business
- Financials
- **Appendix**

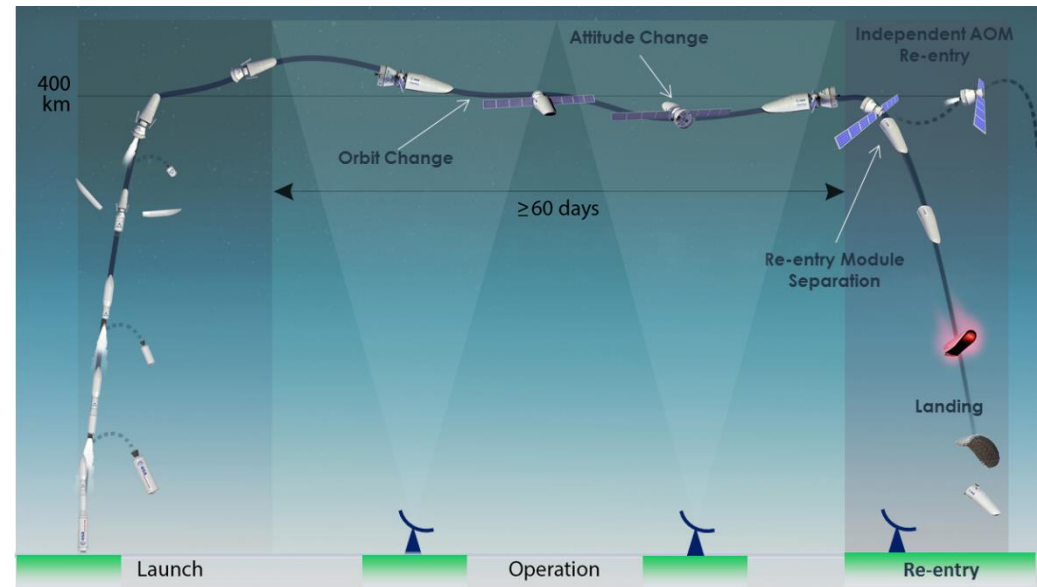
Space Rider: expanding Vega capabilities to in-orbit operations and re-entry



Space Rider Configuration



Typical Mission Profile



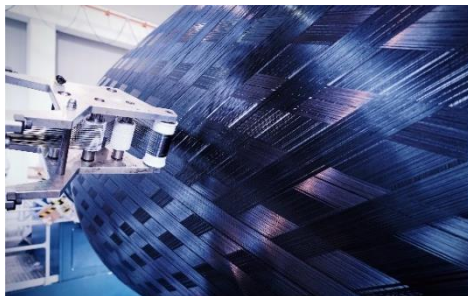
- Launched on Vega-C and powered by Vega C upper stage
- Reusable orbital space laboratory for Earth Observation, Science, Robotics (800 kg payload)
- Re-enters atmosphere and lands on an airstrip

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



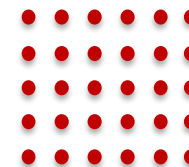
Vega Ariane 5

P80 **P230**

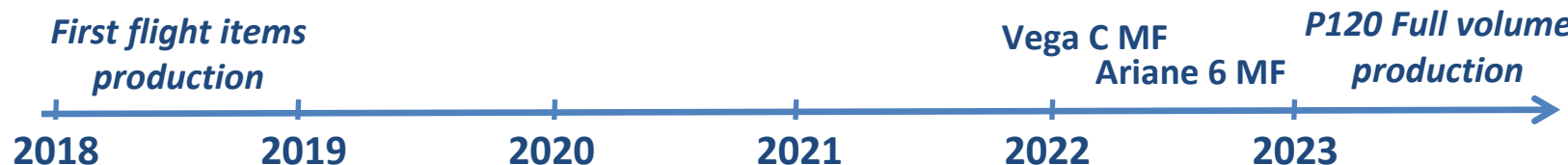


Vega C Ariane 62 Ariane 64

P120



Single main-stage, higher volumes, economies of scale



New dividend policy and share buyback program to remunerate investors



New dividend policy

FY 2020 distributed dividend

€ 0.285 dividend per share

Total dividend distribution = €7.3M

Passed modification

- Maximum dividend payout ratio from 50% to 60% of net earnings

Objectives

- Increase the flexibility for the return to shareholders part of the liquidity generated by Avio operational performance

New share buyback program

Objectives

- Efficient use of liquidity generated by the ordinary business activities through a medium-long term investment
- Offer an additional return to shareholders along with dividend payments
- Possible use own shares in M&A transactions
- Possible use to serve incentive plans

Program scheme

- €9.1M maximum investment amount (as in the first program already completed)

Following the purchases made in the first buyback program, Avio S.p.A. holds no. 671,233 own shares, corresponding to 2.55% of the total Avio's shares (August 2019 – October 2020)



Contacts

+39 0697285158

+39 3420726648

investor.relations@avio.com