

<p>Informazione Regolamentata n. 1771-56-2023</p>	<p>Data/Ora Inizio Diffusione 13 Novembre 2023 19:47:28</p>	<p>Euronext Star Milan</p>
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Societa' : AVIO SPA

Identificativo : 183304

Informazione  
Regolamentata

Nome utilizzatore : AVIONSS01 - Agosti

Tipologia : REGEM; 3.1

Data/Ora Ricezione : 13 Novembre 2023 19:47:27

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Oggetto : 9M 2023 RESULTS - HIGH ORDER  
BACKLOG MAINTAINED, PROFITS  
IMPROVED ESA SUMMIT: POSITIVE  
DEVELOPMENTS FOR ARIANE 6, VEGA  
C AND VEGA E

*Testo del comunicato*

Vedi allegato.



## 9M 2023 RESULTS

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### **HIGH ORDER BACKLOG MAINTAINED, PROFITS IMPROVED ESA SUMMIT: POSITIVE DEVELOPMENTS FOR ARIANE 6, VEGA C AND VEGA E**

#### **Highlights**

- Vega successfully completed its VV23 mission on October 8th placing into sun-synchronous orbit two satellites plus auxiliary payloads; Next Vega flight by Q2 2024;
- Return-to-flight path for Vega-C after Zefiro 40 anomaly defined with ESA on October 2<sup>nd</sup>;
- Started new Technology Development Projects strengthening visibility of product roadmap;
- Significantly increased order book for tactical propulsion activities;
- Positive developments for Ariane 6, Vega C and Vega E programs (already reported on Nov. 7):
  - Ariane 6 and Vega C to receive support from ESA to cover part of the extra costs of production;
  - Vega C to be assigned a pre-existing integration building to increase annual flight rate;
  - Vega E to be assigned former Ariane 5 launch pad;
  - Avio to assume responsibility for commercial and flight operations of Vega C.

#### **Economic and financial results**

- Order Backlog: EUR 1,323.1 million (+31% vs Dec. 2022)
- Revenues : EUR 222,9 million (+1% vs 9M 2022)
- EBITDA Reported: EUR 8.7 million (+2.2 million/+34% vs 9M 2022)
- EBITDA Adjusted: EUR 14.1 million (+4.1 million/+41% vs 9M 2022)
- EBIT Reported: EUR -3.5 million (+4.2 million/+55% vs 9M 2022)
- EBIT Adjusted: EUR +1.9 million (+6.1 million/+145% vs 9M 2022)
- Net Cash Position: EUR 47.9 million (-27% vs Dec. 2022, +128% vs 9M 2022)

#### **Guidance 2023 confirmed**

- Net order backlog: EUR 1.150-1.250 million
- Revenues: EUR 330-350 million
- EBITDA Reported: EUR 19-25 million
- Net result: EUR 2-6 million

**Rome, November 13<sup>th</sup>, 2023** – The Board of Directors of Avio S.p.A., leading aerospace company listed on the STAR segment of the Italian Stock Exchange, today reviewed and approved the 9 months 2023 results.

On October 8<sup>th</sup>, Vega successfully completed its VV23 mission, placing into sun-synchronous orbit two satellites plus auxiliary payloads. The payload THEOS-2 (Thailand Earth Observation System 2) is a very-high-resolution earth observation optical satellite to support the Kingdom of Thailand's key development priorities, which has a ground resolution imagery of 0.5 meters. The payload FORMOSAT-7R/TRITON is an

experimental satellite designed and manufactured by the Taiwanese Space Agency ("TASA") 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 over it. Auxiliary payloads have been also 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. Another Vega mission is scheduled for Q2 2024, representing the last flight of Vega in its traditional version.

Following the completion of the work of the Independent Enquiry Commission ("IEC") established by ESA to review the anomaly occurred during a test of Vega-C's Zefiro 40 motor in June, on October 2<sup>nd</sup> a task force steered by ESA and Avio has been set up and immediately started to implement the recommendations proposed by the IEC. ESA will support such program, drawing from already available resources. Vega-C shall return to flight in the fourth quarter of 2024, while another Vega flight will take place in the meantime during the second quarter of 2024.

In the first 9 months of 2023, signature and start of development contracts continued as part of the initiatives for the space industry for the implementation of the "*NextGenerationEU*", with the aim of enhancing the technological capabilities of the Italian industry for access to space for a total value of over 285 million EUR.

The already solid order backlog of tactical propulsion activities has been further strengthened, confirming opportunities with business prospects more than doubled in terms of volumes and production rates compared to the original estimates. Along this trend, more sizeable orders and related contracts will be finalized in 2024 following the recent signature by MBDA of the Narew project with Poland, for which Avio will supply Camm-ER motors.

On November 6th, a Council of the European Space Agency (ESA) took place in Seville, attended by ministers representing member states. The main outcomes of the Council were the allocation of extra support for both Ariane 6 and Vega C for the next few years to cover part of the extra production costs caused by super-inflation and high energy costs in Europe in the last two years. Additionally, Vega C was assigned the Launcher Integration Building (BIL) to allow for an increase in annual launch rate. In parallel, Vega E was assigned the ELA3 launch pad (former Ariane 5). The Council also resolved that Avio will become the Launch Service Provider and Launch Operator of Vega C. An agreement between Arianespace and Avio will be finalized before mid-2024 to implement the already signed contracts. A European launcher challenged will be launched by 2025 by ESA to seek for new operators capable of demonstrating new launch service capabilities. Note that these outcomes were communicated already in our press release dates 7 November 2023.

Guidance for 2023 announced last March 2023 is confirmed.

**With regard to the economic and financial results, high order backlog is maintained at EUR 1,323.1 million, significantly higher than 2022 Year-end**, thanks to the contractualization of:

- Development of an in-flight demonstrator of new technologies and projects for a two stages-to-orbit light launcher propelled by a LOX-Methane engine, with a reduced environmental impact;
- Development of a new high-performance LOX-Methane engine with reduced environmental impact and realization of demonstrators of increasing complexity;
- Development of a “Multi Purpose Green Engine” for the next technologies of “In Orbit Services” and Space Logistics;
- Tactical propulsion systems, for additional Aster-30 and Camm-ER related orders.

Medium and long-term business prospects are also strengthened thanks to missions already contracted by Arianespace until 2028, institutional missions for the European Commission and positioning in low orbit of the satellites of the Copernicus Earth observation constellation and for the Italian Government through the European Space Agency.

Revenues of **EUR 222.9 million for the first 9 months of 2023**, in line with the same period last year with increase in development activities for technology development projects and in production activities for tactical propulsion, partially compensated by lower Ariane contribution.

**Reported EBITDA of EUR 8.7 million, +34%** compared to the same period last year is mainly driven by the contribution of technology development projects and the relief of energy costs.

**Adjusted EBITDA of EUR 14.1 million, also increased by +41%** compared to the same period last year.

Reported EBIT and Adjusted EBIT improved compared to the same period last year also reflecting the life cycle of certain assets and different mix of activities with higher incidence of development revenues.

The Net Cash Position is **EUR 47.9 million compared to EUR 74.4 million at year-end 2022 and to EUR 21.0 million at end of half year 2022**, higher than typical seasonality trend for timing effect of advances on development contracts.

The 9 months 2023 Key Financial Highlights presentation will be available in the Investors section of [www.avio.com](http://www.avio.com) to assist the call with financial analysts and investors scheduled for Tuesday November 14<sup>th</sup>, 2023 at 10.00 AM CEST.

Giulio Ranzo, CEO of Avio, commented: *“Economic and Financial results are improving, thanks to a shift in business mix and a partial relief on the cost of energy in the Euro zone. In parallel, the company maintained high order backlog, with a clear visibility on*

*the future. The defense business is growing much faster than anticipated and is expected to continue grow in 2024. Latest decisions by ESA provide more visibility on the future of the Ariane 6, Vega C and Vega E programs, strengthening the prospects for growth.”*

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**Avio** is a leading international group engaged in the construction and development of space launchers and solid and liquid propulsion systems for space travel. The experience and knowhow built up over more than 50 years puts Avio at the cutting edge of the space launcher sector, solid, liquid and cryogenic propulsion and tactical propulsion. Avio operates in Italy, France and France Guyana with 5 facilities, employing approx. 1,200 highly-qualified personnel, of which approx. 30% involved in research and development. Avio is a prime contractor for the Vega programme and a sub-contractor for the Ariane programme, both financed by the European Space Agency (ESA), placing Italy among the limited number of countries capable of producing a complete spacecraft.

**9 M 2023 HIGHLIGHTS**

<b>9M 2022</b>	<b>MAIN ECONOMICS / FINANCIALS</b>	<b>9M 2023</b>	<b>DELTA</b>	<b>DELTA</b>
<b>€ - M</b>		<b>€ - M</b>	<b>€ - M</b>	<b>%</b>
<b>1.013,7<sup>(*)</sup></b>	<b>NET ORDER BACKLOG</b>	<b>1.323,1</b>	<b>309,4</b>	<b>30,5%</b>
<b>219,9</b>	<b>NET REVENUES</b>	<b>222,9</b>	<b>3,0</b>	<b>1,4%</b>
<b>6,5</b> 3,0%	<b>EBITDA REPORTED</b> % on net revenues	<b>8,7</b> 3,9%	<b>2,2</b>	<b>33,6%</b>
<b>10,0</b> 4,6%	<b>EBITDA ADJUSTED</b> % on net revenues	<b>14,1</b> 6,3%	<b>4,1</b>	<b>40,7%</b>
<b>(7,7)</b> N.m.	<b>EBIT REPORTED</b> % on net revenues	<b>(3,5)</b> N.m.	<b>4,2</b>	<b>54,5%</b>
<b>(4,2)</b> N.m.	<b>EBIT ADJUSTED</b> % on net revenues	<b>1,9</b> N.m.	<b>6,1</b>	<b>145,1%</b>
<b>31 DEC 2022</b>		<b>30 SEP 2023</b>	<b>DELTA</b>	<b>DELTA</b>
<b>€ - M</b>		<b>€ - M</b>	<b>€ - M</b>	<b>%</b>
<b>74,4</b>	<b>NET CASH POSITION</b>	<b>47,9</b>	<b>(26,5)</b>	<b>-35,6%</b>

(\*): As of 31 December 2022

Fine Comunicato n.1771-56

Numero di Pagine: 7