

SEPTEMBER 12, 2024

Avio 1H 2024 Results



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Agenda

1.

Highlights

Giulio Ranzo, Chief Executive Officer

2.

1H 2024 Financials

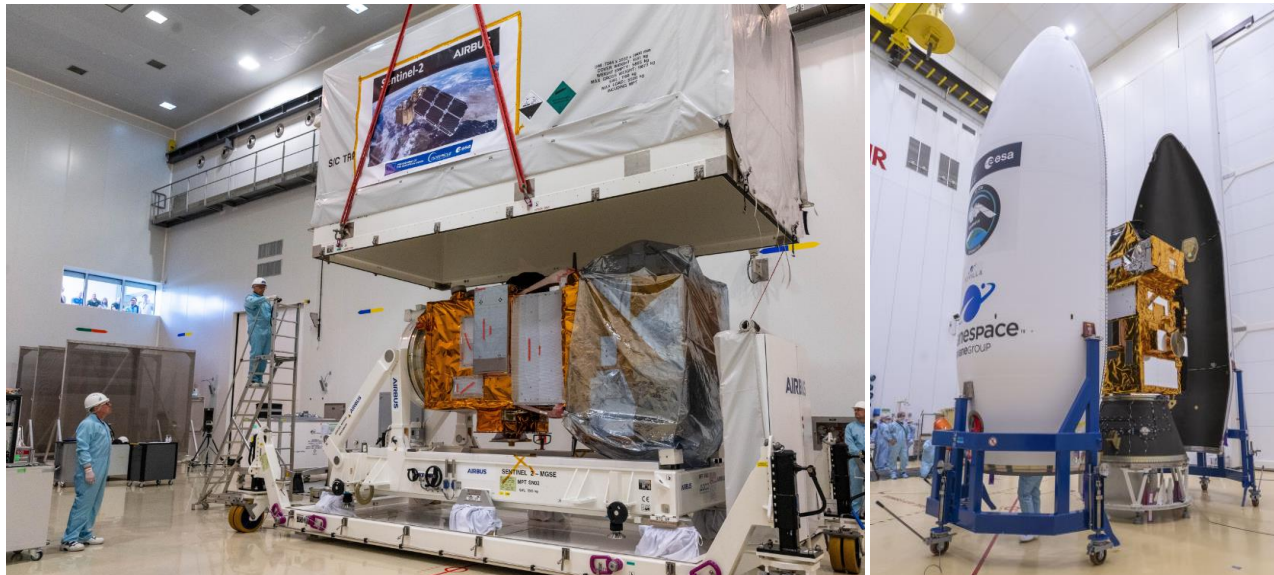
Alessandro Agosti, Chief Financial Officer

1H 2024 highlights

- **Last flight of VEGA successfully completed, delivering into orbit Sentinel-2C**
- **VEGA C latest developments:**
 - ✓ **Return-to-flight on track by year-end: first Z40 static firing test successfully completed in May 2024. A second Z40 static firing test confirmed to take place in October**
 - ✓ **Avio authorized by ESA since July to conduct VEGA commercial operations and to be launch operator of VEGA following VV29 (Q4 2025)**
- **Ariane 6 maiden flight successfully completed in July**
- **Defense propulsion business: two important new contracts signed in the USA with Raytheon and US Army**
- **FY 2024 Guidance confirmed**

VEGA VV24 mission successfully completed

- On **September 5th(1)** VEGA launcher successfully deployed into sun-synchronous orbit **Sentinel-2C**, a **Copernicus satellite for the European Commission**. The mission marked the handover to the VEGA C launcher
- Starting from its inaugural flight in February 2012, **VEGA has carried out a total of 22 launches:**
 - ✓ **more than 120 satellites** deployed into orbit, **with extreme orbital accuracy**
 - ✓ approximately **18 tonnes** of total launched mass (~800 Kg per launch)
 - ✓ **91%** success rate overall



Sentinel 2-C in clean room | Sentinel 2-C encapsulated in VEGA fairing



VV24 lift-off

VEGA launcher: a 12-year history of success and "first times"

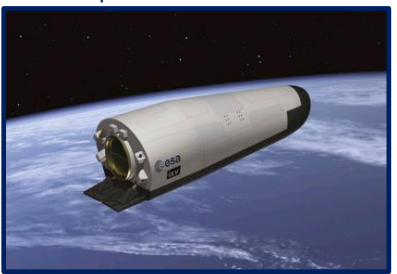
Most notable launches (1)

Reliability during first 22 missions



VV04 (IXV)

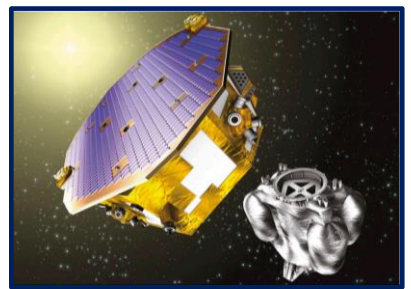
Launch of reentry demonstrator Intermediate eXperimental Vehicle, that showed Europe had the technology to launch a vehicle to space and return it safely to Earth. This demonstration mission was a precursor to the reusable Space Rider spacecraft



Feb 11, 2015

VV06 (LISA Pathfinder)

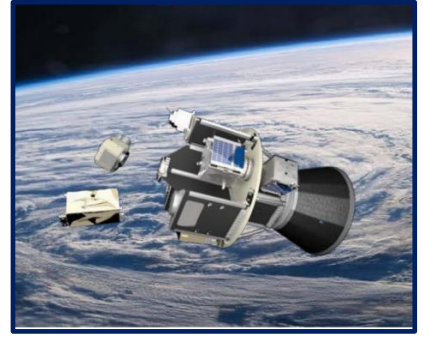
Successfully placing the LISA Pathfinder spacecraft on an elliptic low earth parking orbit, from where the satellite's own propulsion module took it on its operational orbit around the L1 Lagrange point (i.e. 1.5 million Km from Earth)



Dec 2, 2015

VV16 (Small Spacecraft Mission Service -SSMS-)

Launch of 53 satellites on the Small Spacecraft Mission Service (SSMS) Proof of Concept (PoC) flight, performed on behalf of 21 customers from 13 different countries



Sep 2, 2020

		Success rate
Atlas 5	21 successes, 1 failure	96%
Electron	19 successes, 3 failures	86%
Falcon 9	20 successes, 2 failures	91%
H-IIA	21 successes, 1 failure	96%
PSLV	20 successes, 2 failures	91%
Soyuz 2	20 successes, 2 failures	91%
Vega	20 successes, 2 failures	91%
Ariane 5	18 successes, 4 failures	82%

AVERAGE: 90%

Successes Failures⁽²⁾



Source: ESA, Arianespace (1) illustrative, not exhaustive (2) Includes partial failures

VEGA C return-to-flight operations underway

- **On May 28th 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
- **Second firing test scheduled for October:** Zefiro 40 QM4 Test Article shipped and arrived in Sardinia, ongoing finalization of Test Article on the test bench



QM3 hot firing test



QM4 moved to test bench

Success for Ariane 6 maiden flight

- On July 9th , Ariane 6 launcher **successfully completed its maiden flight** from the French Guiana Space Centre, placing into orbit multiple payloads
- Avio is partner of the Ariane 6 program **providing the solid rocket boosters P120C and the liquid oxygen turbopumps for the core stage Vulcain 2.1 engine and the upper stage Vinci engine. The P120C motors had an optimal performance**
- **Avio is already working on a more powerful version of the booster (P160)** which will increase the thrust of the launcher and its payload capacity. **The P160 will be the world largest carbon fiber monolithic motor and will also be equipped on Vega C**



Ariane 6 on launch pad



Ariane 6 lift-off

2024 shall mark the transition towards higher launch rates



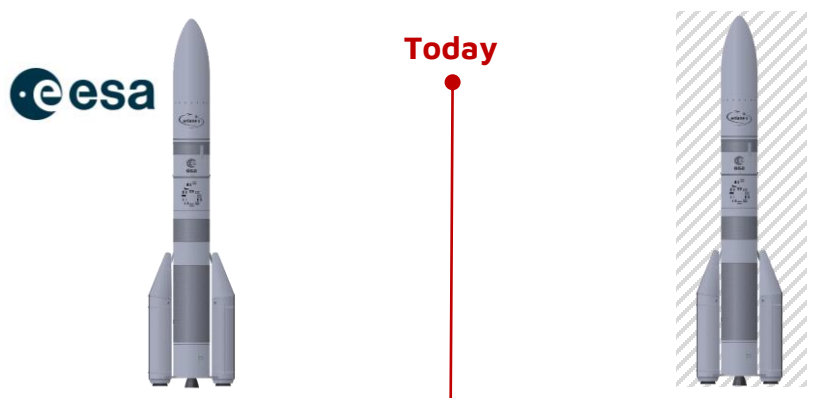
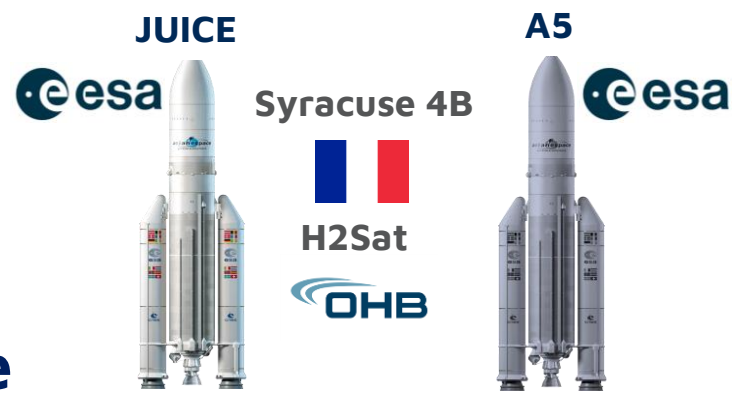
2023

2024

2025 (1)

Ariane

Vega



6
(Ariane 6)

VA260
April

VA261
July

A6 MF
✓ Successfully completed on July 9

4
(Vega C)



Z40 Firing test
June

VV23
October

1st Z40 Firing test
✓ Successfully completed as expected on May 28

VV24
✓ Successfully completed on Sep 5

2nd Z40 Firing test
Q4 2024

VV03-RTF

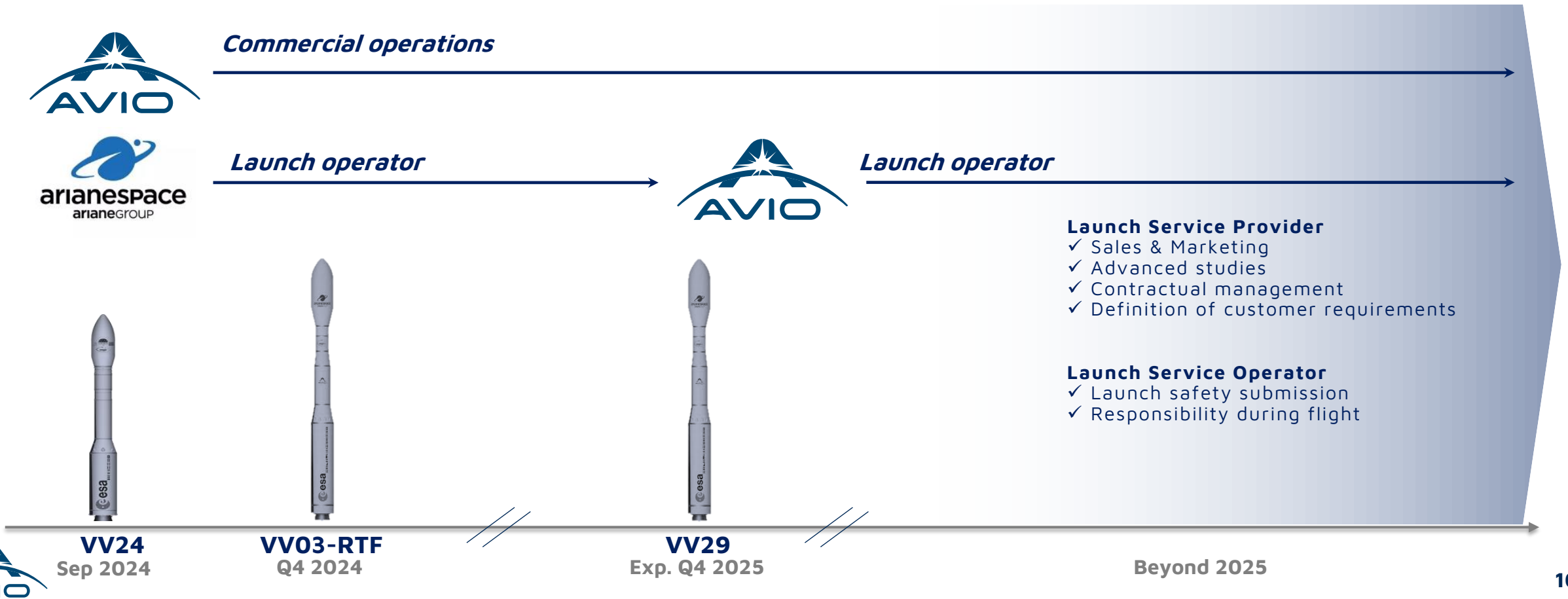
(1) Avio current assumption of contracted flight backlog roll-out



Evolution of responsibilities on VEGA launcher activities



- On July 5th ESA Council **authorized Avio to conduct VEGA commercial operations and to be launch operator of VEGA following VV29 (Q4 2025)**, pending award of license from French authorities



NextGen EU: next-gen launchers and applications progressing as expected



Launcher Products acceleration
LOX-CH technology



Applications and services acceleration
Orbital propulsion technology



Space Transportation Systems

Objective: Accelerate development and know-how with 2 small Flight Demonstrators (design, manufacturing & launch)

Start of HWIL activities in apr-24

M10 firing test planned in October 24



M10 for IFD1 Flight: manufacturing on going, TCA and Nozzle Printed in house

High Trust Engine

Objective: Achieve full-scale hot firing demonstration of a 60ton LOX-Methane engine by 2026

Pre-burner firing test by end of March

Assembly line operative by end of '24



Multi-Purpose Green Engine

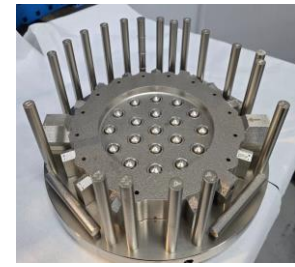
Objective: Create a highly versatile "Green" engine for orbital propulsion and in-orbit services and logistics

Manufacturing and integration of the first two engine models by Oct. 2024



← **Thrust chamber**

Injector section →



In-Orbit Servicing module

Objective: Develop enabling technologies to fulfill in-orbit-servicing mission objectives

System Req. Review passed

Preliminary Design review ongoing

ThalesAlenia partnership
a Thales / Leonardo company
Space



HWIL: Hardware in the Loop
TCA: Thrust Chamber Assembly



Avio USA to play a pivotal role in engaging the US market

- **Avio established Avio USA**, a wholly owned subsidiary headquartered in Arlington, Virginia, which is structured to operate in compliance with US security and export-control regulations and is governed by a US-led board of directors



Marty Bollinger – Chairman of Avio USA

- Ret. Senior Partner at Booz Allen Hamilton
- Extensive consulting experience in US Aerospace & Defense
- Lecturer for Navy Officers



James Syring – CEO of Avio USA

- Ret. US Navy Vice Admiral
- Former Director of the US Missile Defense Agency
- Former President, USAA Insurance Company

New opportunities in the US defense propulsion market

- As a result of the scouting and the engaging activities performed by Avio and Avio USA since its inception, **on July 23rd Avio announced two important contracts with two different US counterparts, Raytheon and US Army, which mark a very important milestone for the future development of the defense propulsion business of the company**



Avio signed a contract with **Raytheon**, an RTX (NYSE: RTX) business, leaders in defense solutions for the U.S. Government and Allied Demand, to initiate and progress the development of critical solid rocket motors for defense applications. The contract furthers the systems engineering work required to mature these solid rocket motors into a production-ready state

More info [here](#)

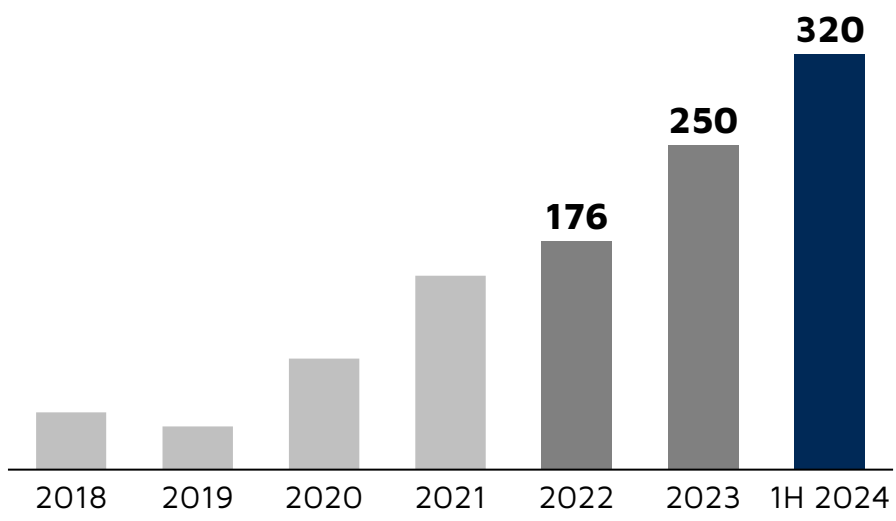


AVIO S.p.A. and **U.S. Army Combat Capabilities Development Command Aviation & Missile Center** partner for the development and fast-prototyping of a solid rocket motor for surface-to-air applications. The project leverages on both Parties' expertise to qualify the propulsion system in a design-to-manufacturing approach, offering possibility for a future rapid transition to Production

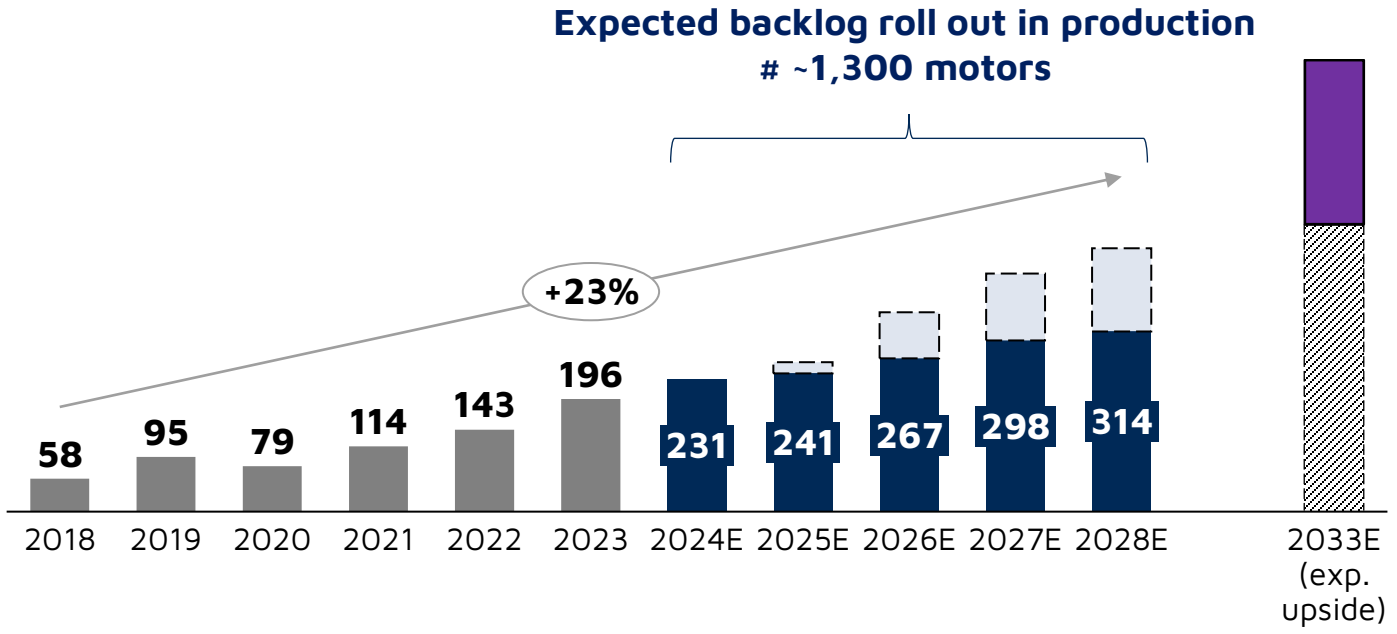
More info [here](#)

These wins further extend growth prospects in defense business

Defense propulsion backlog (€m)



Defense propulsion production (volumes eq.)



- High level of defense propulsion orders in 1H 2024 (approx. €100m)

- Steep increase in Aster, CAMM-ER and MARTE production
- Includes expected rollout from new EU and US contracts

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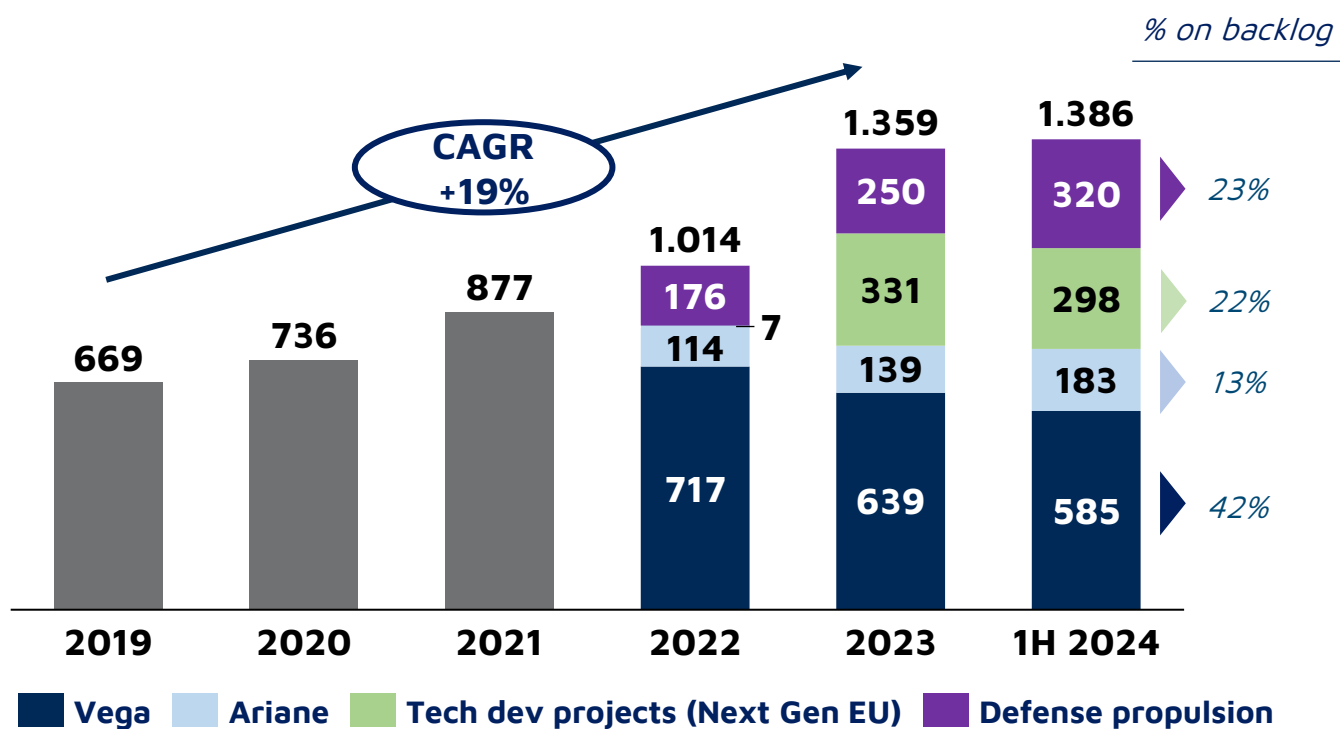
1H 2024 Financials

Alessandro Agosti, Chief Financial Officer

Defense propulsion and Ariane 6 intakes drive order backlog in 1H 2024

Figures in €m

Net order backlog evolution 2019 – 1H 2024

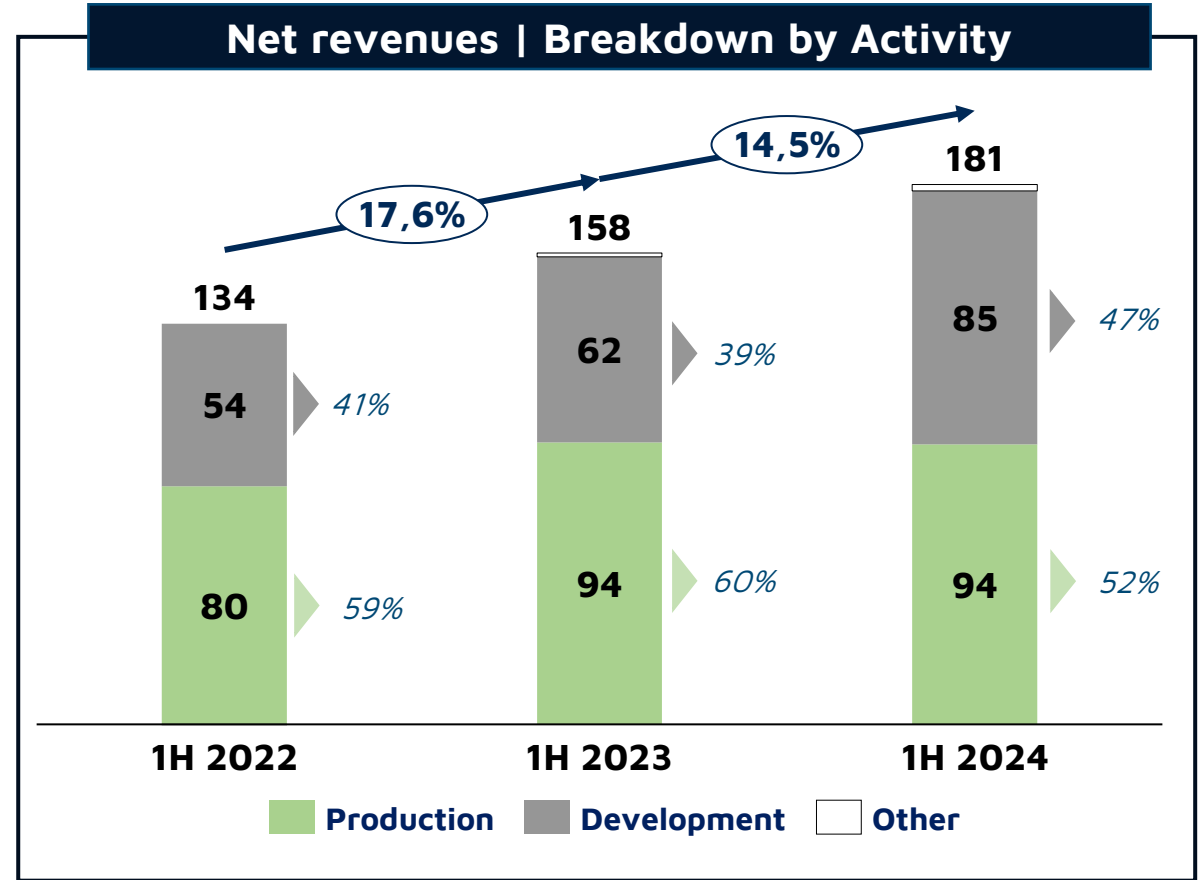
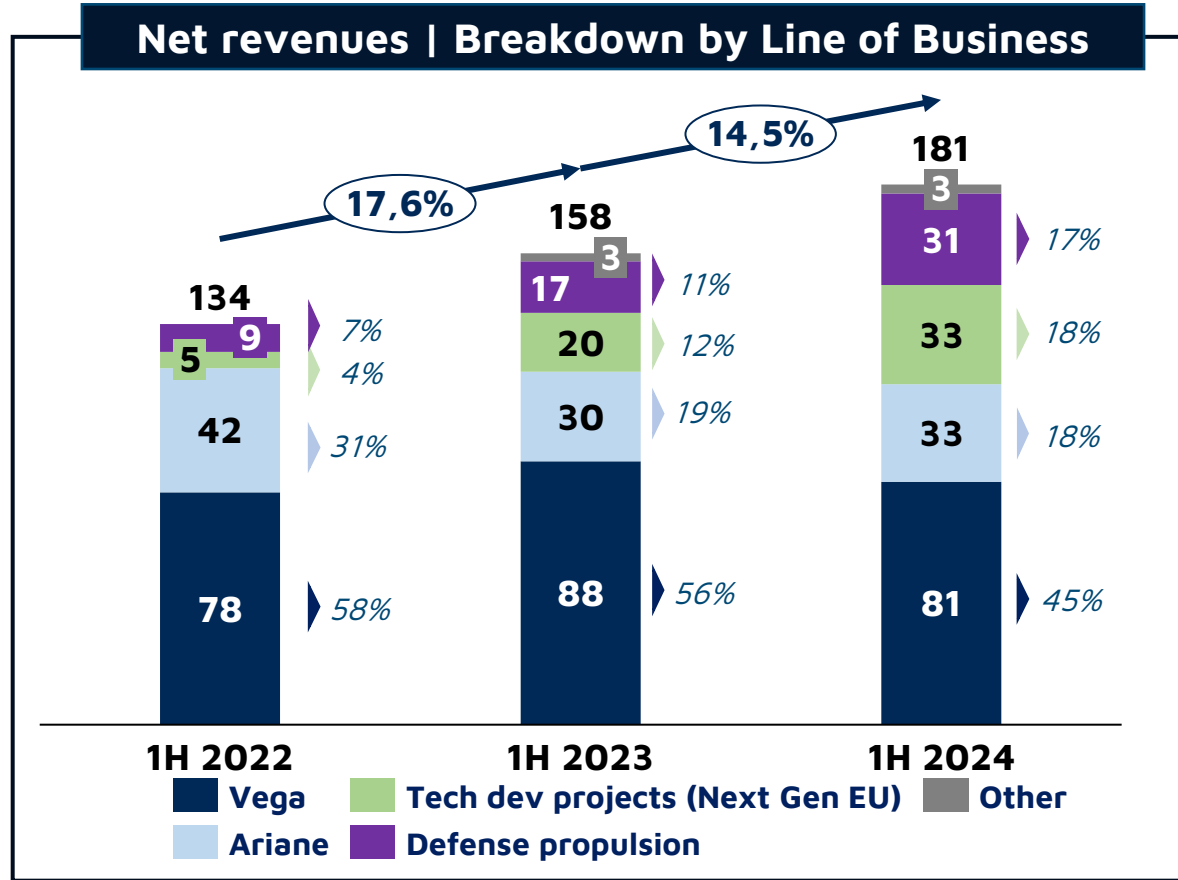


Main comments

- In 1H 2024 order intakes were over **€200m** and related to:
 - **Defense propulsion** for about €100m, mainly for ASTER missile production
 - **Ariane** for about €80m, mainly for production of P120/P160 motors
 - **Vega** for about €30m, mainly for Vega E development
- Defense propulsion activities reached 23% of total backlog at the end of 1H 2024, more than half of Vega backlog
- At the end of 1H 2024 approx. 60% of backlog related to production activities and 40% to development activities

Revenues increase for Defense propulsion and Technology Development Projects

Figures in €m



1H 2024 results vs 1H 2023

Avio Group | Main financials

	1H 2023 Actual (€m)	1H 2024 Actual (€m)	Delta (€m)	Delta (%)
NET REVENUES	157,7	180,6	22,9	14,5%
EBITDA REPORTED	5,2	8,1	2,9	56,8%
% on net revenues	3,3%	4,5%		
EBITDA ADJUSTED	10,5	10,6	0,1	1,2%
% on net revenues	6,6%	5,9%		
EBIT REPORTED	(3,9)	(0,4)	3,5	n.m.
% on net revenues	-2,5%	-0,2%		
EBIT ADJUSTED	1,4	2,1	0,7	n.m.
% on net revenues	0,9%	1,2%		
PROFIT BEFORE TAX	(3,7)	(0,5)	3,2	-86,4%
% on net revenues	-2,3%	-0,3%		
NET RESULT	(3,9)	(1,8)	2,1	-53,8%
% on net revenues	-2,4%	-1,0%		

N/R
5,3N/R
2,5

Main comments

- 1. Significant increase in revenues** mainly for defense propulsion production activities and technology development projects (NextGen EU)
- 2. EBITDA Adjusted in line with 1H 2023**, driven by higher revenues compensated by a slowdown in Ariane 6 and Vega production activities
- 3.** The reduction of non-recurring costs, mainly related to the return to flight of the Vega C, contributed to a **significantly higher EBITDA Reported vs. 1H 2023**
- 4. Positive** effect on **EBIT** driven by EBITDA and lower depreciations following the review, in the second half of 2023, 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)

1H 2024 results vs 2023 | Sources and uses

Avio Group | Sources and uses

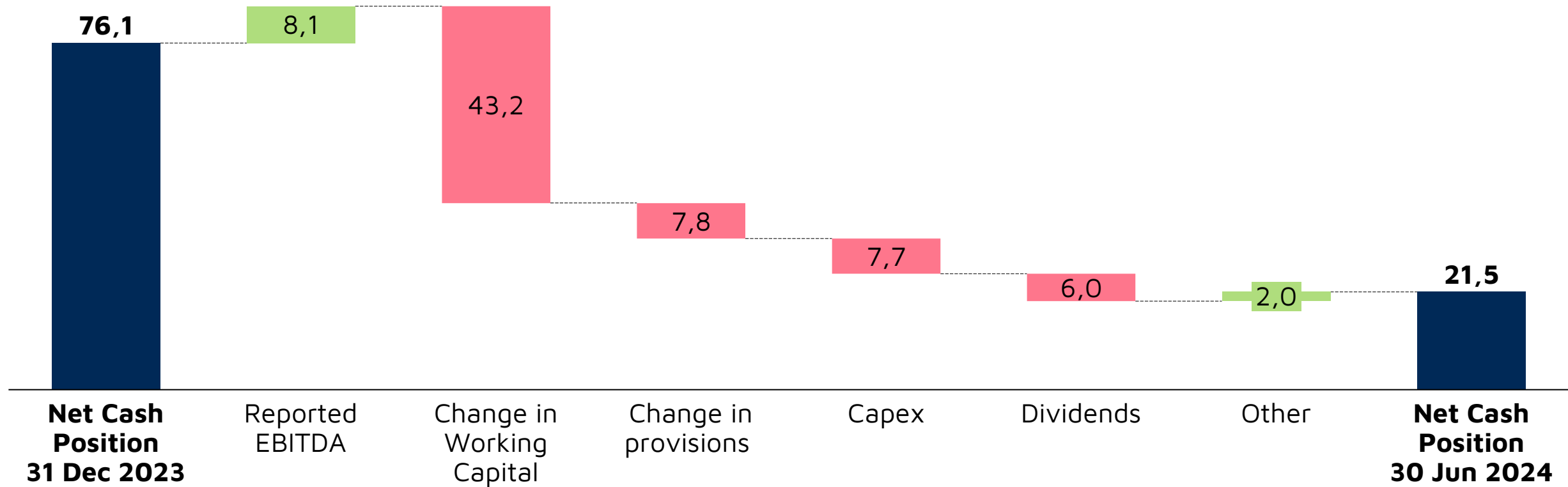
	31 DEC 2023 Actual (€m)	30 JUN 2024 Actual (€m)	
WORKING CAPITAL	(171)	(128)	1.
DEFERRED TAX ASSETS	81,2	80,6	
PROVISIONS	(52,8)	(45,0)	2.
GOODWILL AND OTHER INTANGIBLE	89,2	87,6	
FIXED ASSETS	285,6	284,7	3.
FINANCIAL RECEIVABLES	2,0	2,0	
NET INVESTED CAPITAL	234,2	282,2	
NET CASH POSITION	76,1	21,5	4.
EQUITY	(310,4)	(303,7)	
TOTAL SOURCES	(234,2)	(282,2)	

Main comments

1. Structurally negative working capital thanks to cash advances from order intakes. Typical seasonal trend driven by cyclical flow down to sub-contractors and procurement of certain strategic Long Lead Items of Vega C to sustain future production volumes
2. Decrease in provisions mainly for use against Vega C return-to-flight costs incurred in the semester and previously provided for
3. Mainly for capex for technology development projects, Vega cadence increase and innovation projects (AI), net of depreciation
4. Typical seasonal trend of Net Financial Position mainly driven by working capital

Net Cash Position bridge

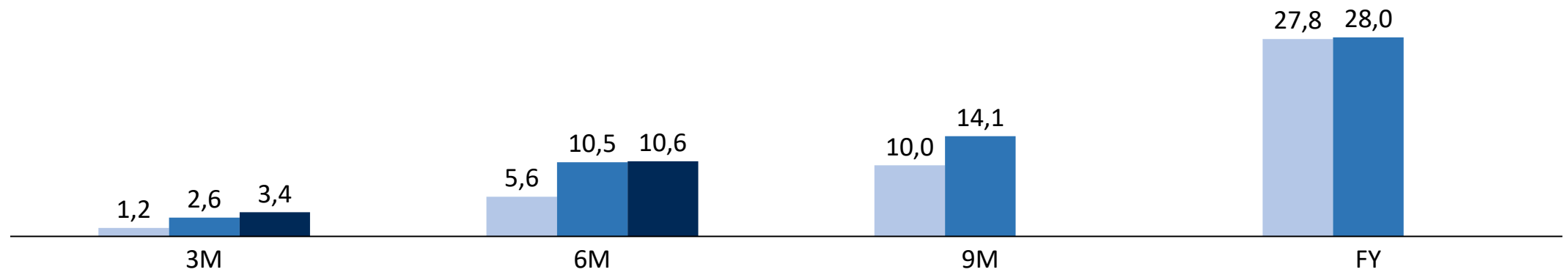
Figures in €m



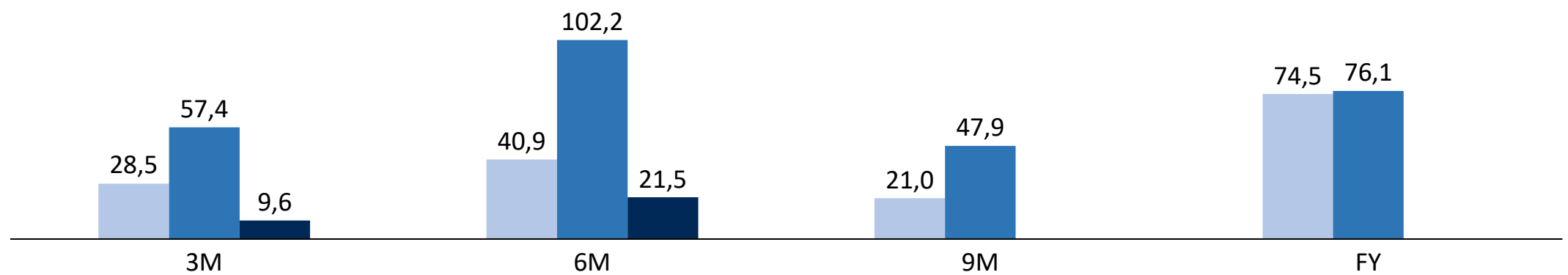
Quarterly evolution of EBITDA and Net Cash Position

Figures in €m

EBITDA Adjusted | Quarterly evolution



Net cash position | Quarterly evolution



2022 2023 2024

FY 2024 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 in defense propulsion activities and Technology 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

THANK YOU FOR YOUR ATTENTION



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