



1H/2Q 2016 Results Presentation

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London 29 July 2016



KEY ACHIEVEMENTS IN 1H 2016 *(CEO and General Manager)*

RESULTS AND OUTLOOK *(CFO)*

UPDATE ON STRATEGIC DEVELOPMENTS *(CEO and General Manager)*

Q&A

Key achievements in 1H 2016

- ✿ Results confirm successful execution of the Industrial Plan
 - ✿ Improved industrial performance: strong progress in Aeronautics and Defence Electronics
 - ✿ Some softness in Helicopters due to civil markets
- ✿ Increased quality of results
 - ✿ More solid and balanced, with all key businesses contributing to profitability
 - ✿ More selective in order intake, lower risk, higher quality backlog
- ✿ 2016 Guidance confirmed

Outstanding 1H2016 Results

- ✿ New Orders at € 12,9mIn (+132% YoY), with Book to Bill at 2.4x
- ✿ Backlog up to € 35bn (+ 19% YoY)
- ✿ Material improvement in operating profitability:
 - EBITDA at € 786mIn up 6.5% YoY, margin at 14.5% (from 12.4%)
 - EBITA at € 472mIn up 4.9%YoY , RoS at 8.7% (from 7.5%)
 - EBIT at € 399mIn up 13.7%YoY , EBIT margin at 7.4% (from 5.9%)
- ✿ Net income before extraordinary transactions more than doubled at € 200mIn (+120% YoY)
- ✿ Net Debt down to € 4.23bn (-15%YoY)
- ✿ Sizeable and strategic orders and agreements across the divisions that increase visibility and sustainability of Group performance
 - Typhoon Kuwait contract, the largest order ever (€7.95bn)
 - Qatar agreement signed in Naval
 - Important achievements in the growing Security business



KEY ACHIEVEMENTS IN 1H 2016 *(CEO and General Manager)*

RESULTS AND OUTLOOK *(CFO)*

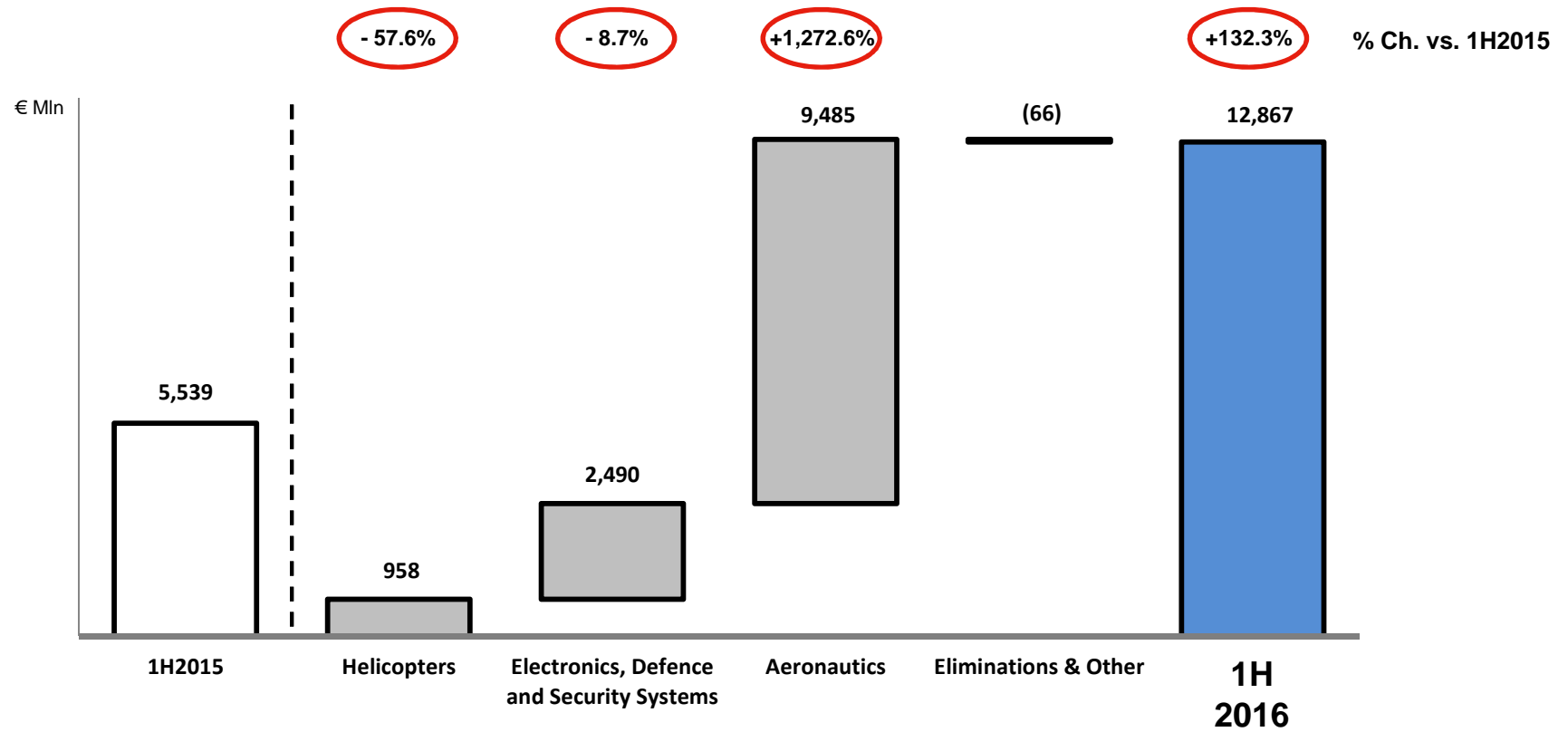
UPDATE ON STRATEGIC DEVELOPMENTS *(CEO and General Manager)*

Q&A

Key messages

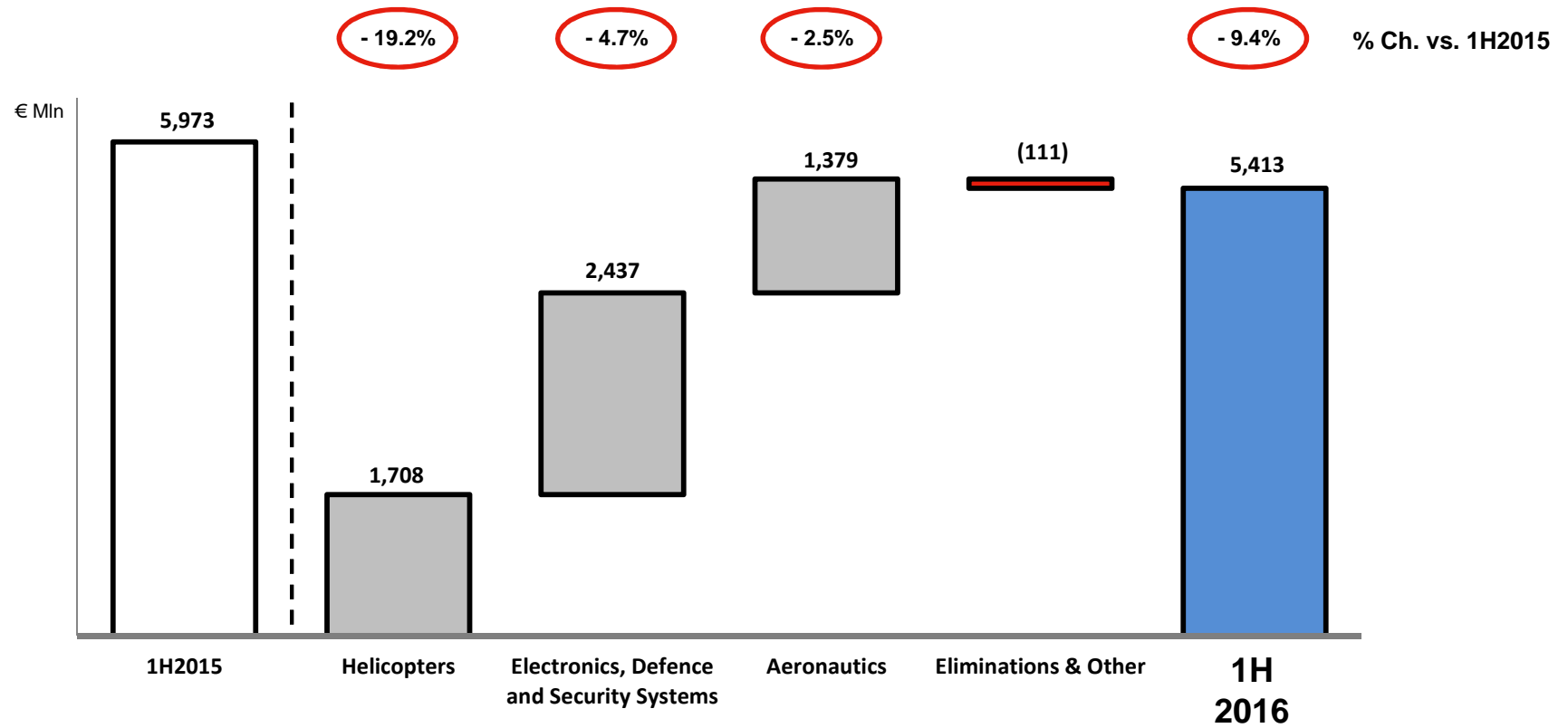
- ✦ Solid start to the year reflecting a better balanced business
- ✦ Continuous improvement in Electronics, Defence & Security and Aeronautics
- ✦ Offsetting increasingly challenging Helicopters market
- ✦ Material step up in Net Result
- ✦ FY expectations confirmed
- ✦ Very positive incremental impact from EFA Kuwait contract

New Orders
benefitting from the €7.95bln EFA-Kuwait contract



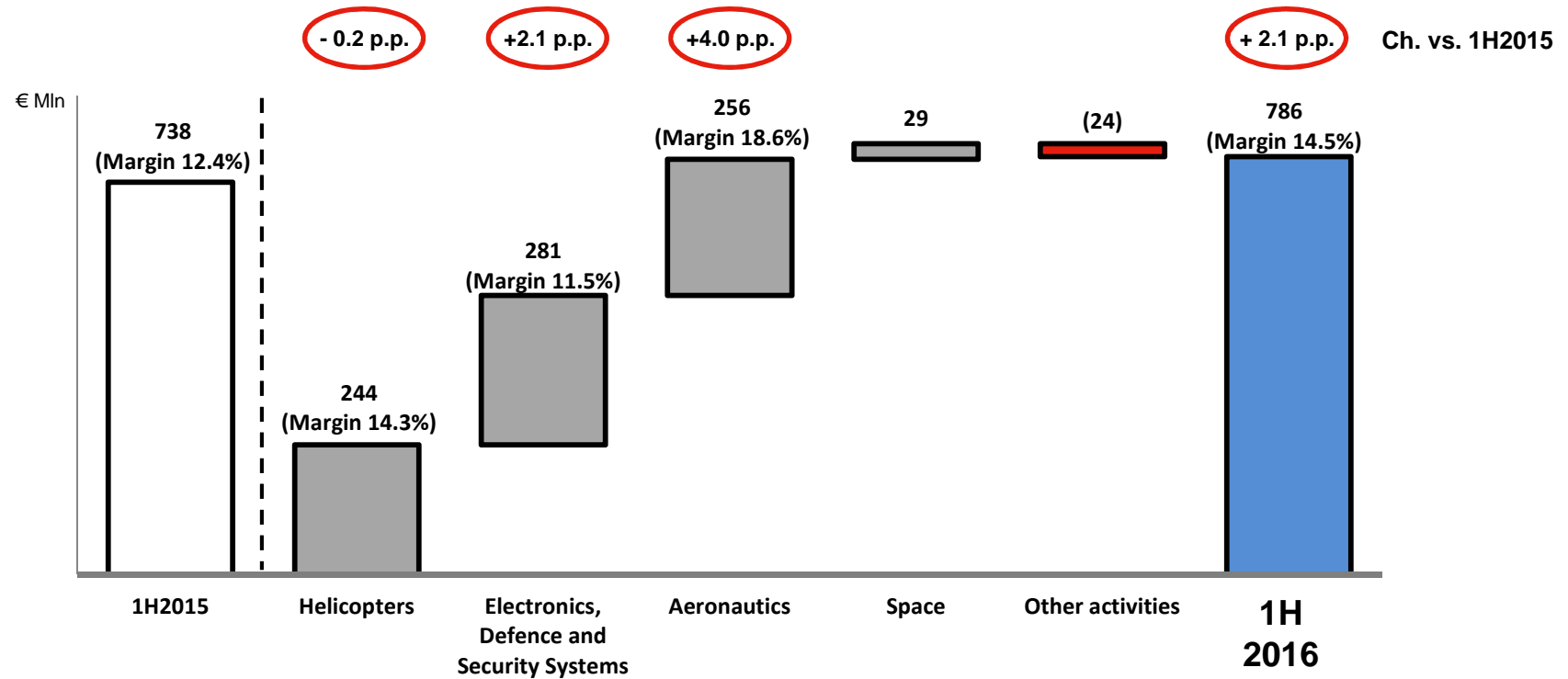
Revenues

Lower YoY due to change in perimeter and shortfall in Helicopters



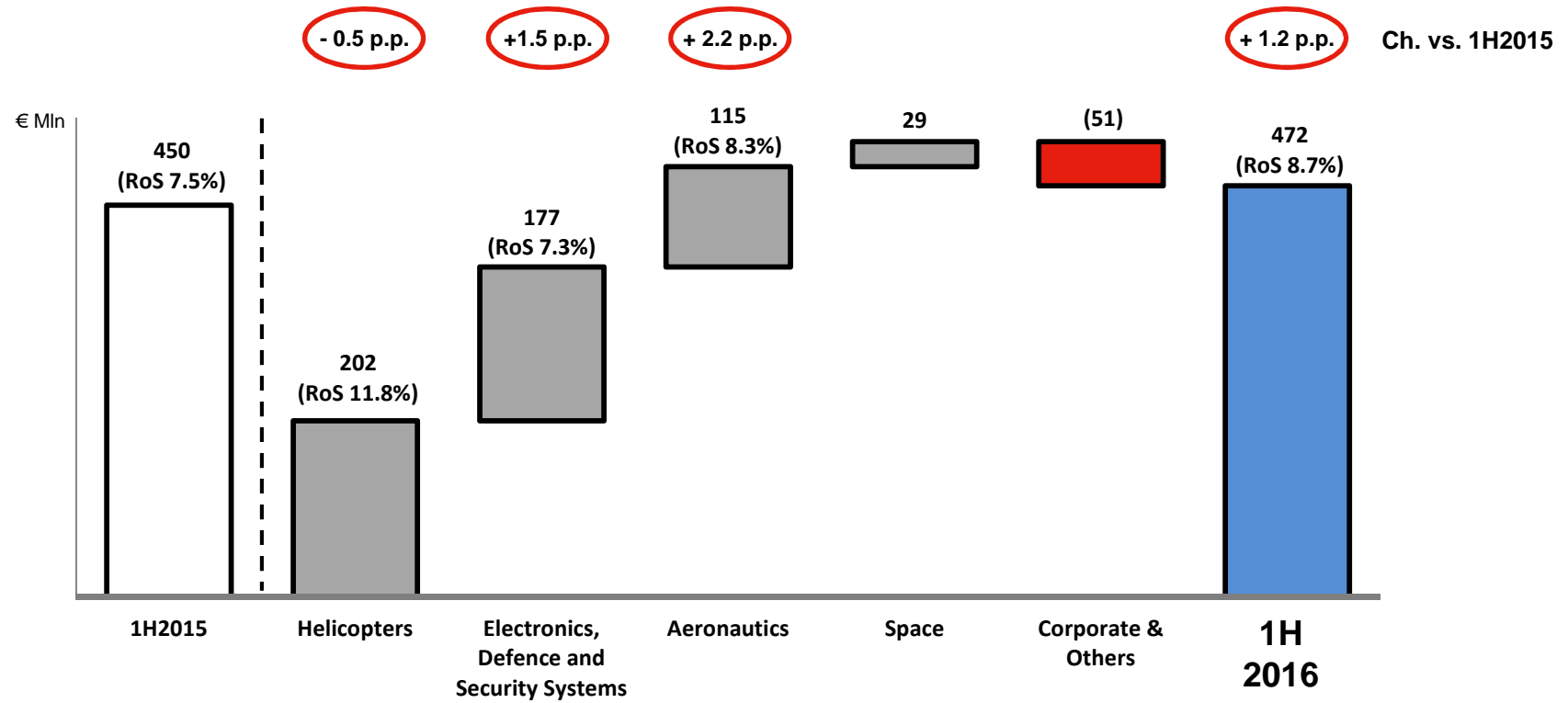
Profitability improvement

EBITDA improving trend continues, margin 210bp higher YoY



Profitability improvement

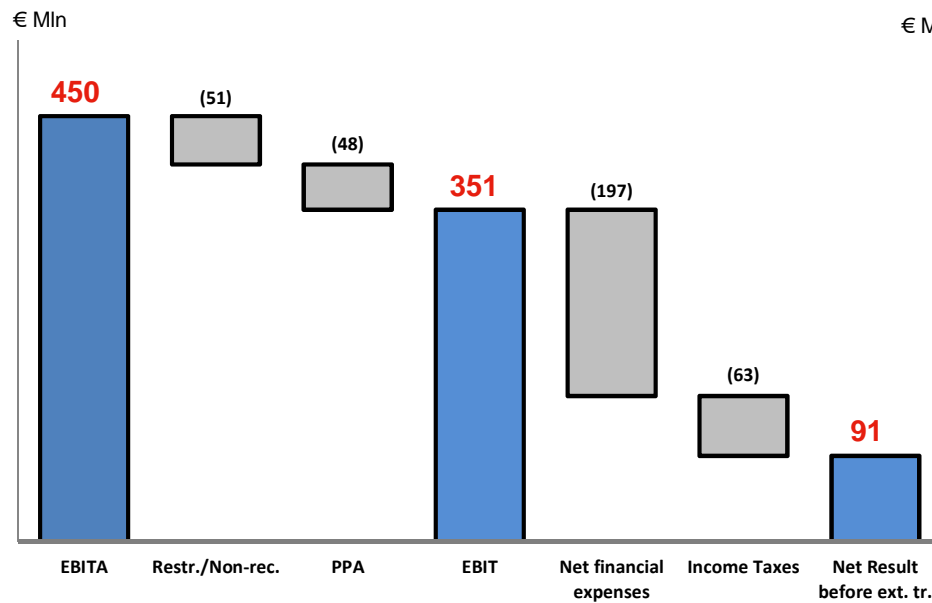
Higher EBITA despite lower revenues, ROS 120bp higher



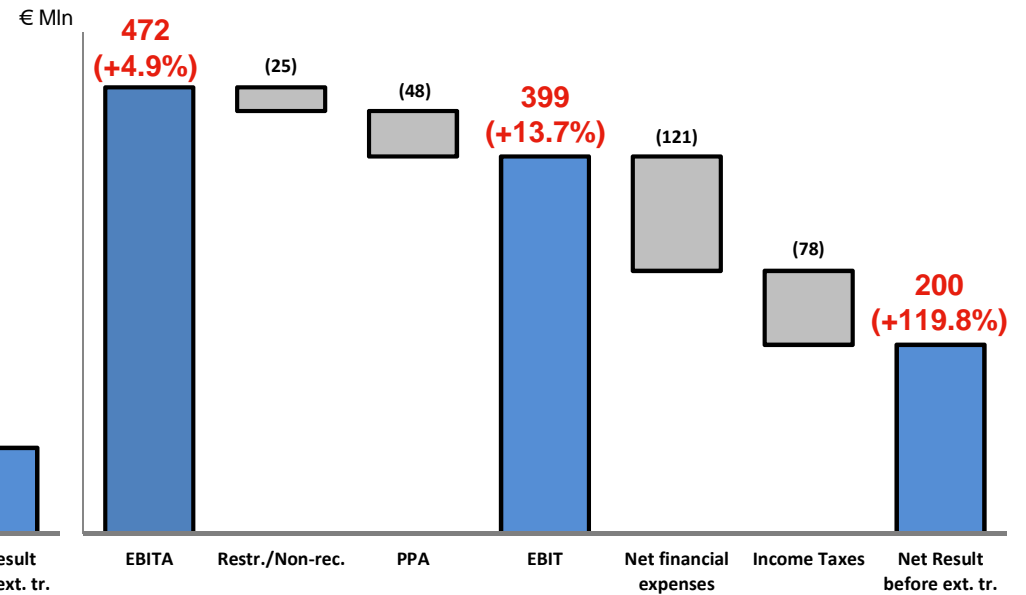
Net Result

More than doubled on lower below the line and net financial expenses

1H2015



1H2016



Eurofighter Kuwait contract

Order booked in 2Q2016

- * Contract signed on April 5th 2016 for 28 Eurofighter in the most advanced configuration, including **new E-Scan radar**
- * Leonardo as prime contractor will lead all activities on behalf of the Consortium. Our share is ca. 60% of total value (€ 7,95mln), remaining 40% is pass-through
- * 8-year contract (2016-2023). Production, delivery and acceptance will be in Italy (Aircraft Division). Deliveries will start in 2019
- * The impact of the contract on the Group :
 - * **ORDERS**: 1H2016 reflects the entire amount of the contract
 - * **REVENUES**: meaningless contribution in 2016, ramping up in 2017-2018, peak of ca. € 2bln per year in 2020-2021
 - * **EBITA**: not expected to be dilutive on margins in 2017-2018, only marginally from 2019 onwards as Revenues peak up
 - * **FOCF**: downpayment received in July with € 200mln net impact on 2016 FOCF and € 400mln in 2017. As typical for this kind of contracts, cash absorption expected as the deliveries start, due to the build up of the Working Capital

FY2016 Guidance

- ✱ **New Orders:** challenging, due to the prolonged crisis of civil helicopters markets
- ✱ **Revenues:** forecasted at the lowest end, driven by lower Helicopters
- ✱ **EBITA:** expected at the top end, confirming continuous improvement in operating performances and increasing benefits from efficiency improvements
- ✱ **FOCF:** confirmed within the range, benefitting from the net effect of the downpayment of the Typhoon Kuwait contract, received in July
- ✱ **Net Debt:** ca. €2.8bn, target achieved one year ahead of original Plan. Potentially impacted by changes in GBP/€ exchange rate

		FY2015A	FY2016E*
New orders	€ bn	12.4	ca. 20
Revenues	€ bn	13.0	12.2-12.7
EBITA	€ mln	1,208	1,220-1,270
FOCF	€ mln	307	500-600
Group Net Debt	€ bn	3.3	ca. 2.8

(*) Assuming €/\$ exchange rate at 1.15 and €/£ at 0.75



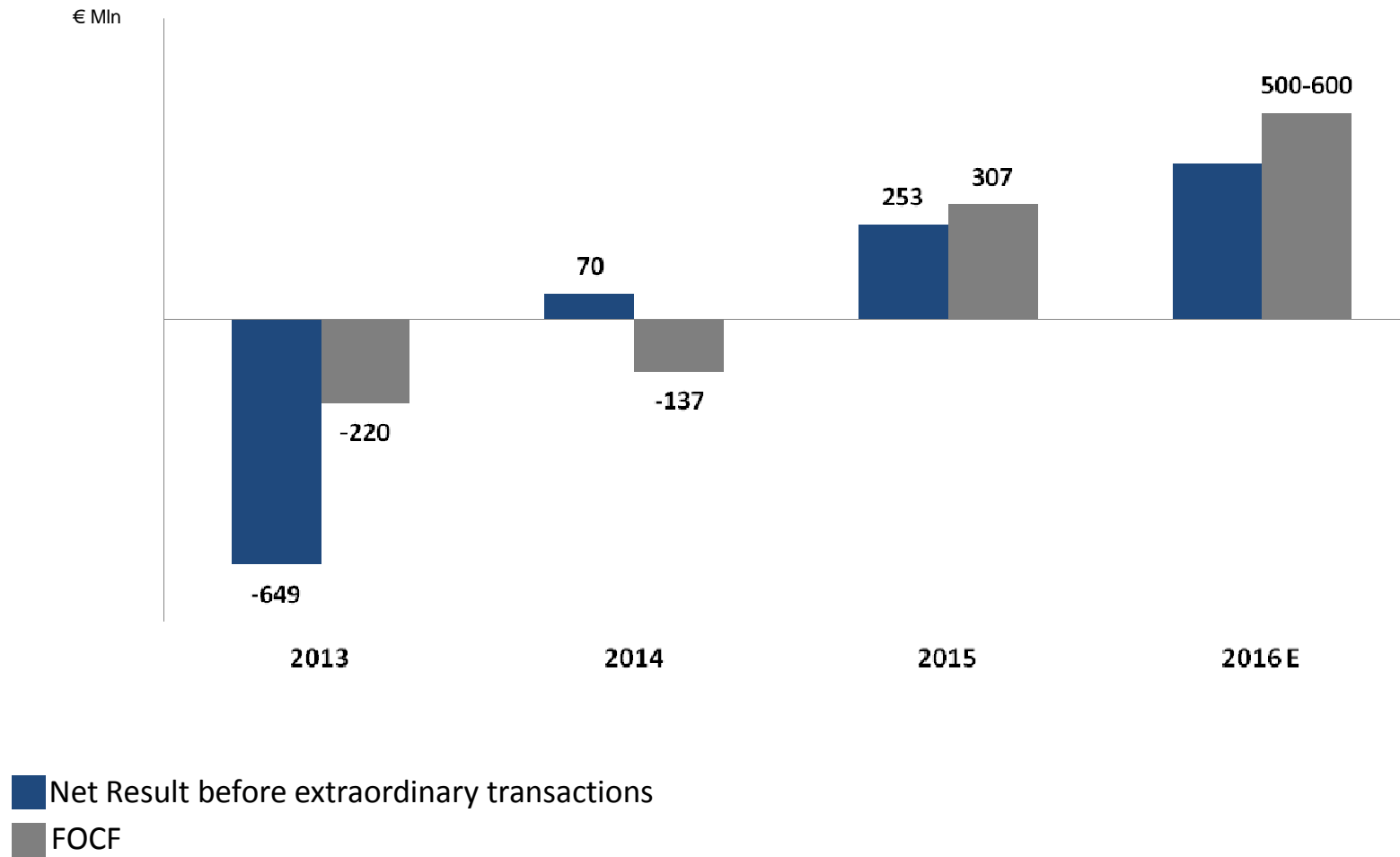
KEY ACHIEVEMENTS IN 1H 2016 *(CEO and General Manager)*

RESULTS AND OUTLOOK *(CFO)*

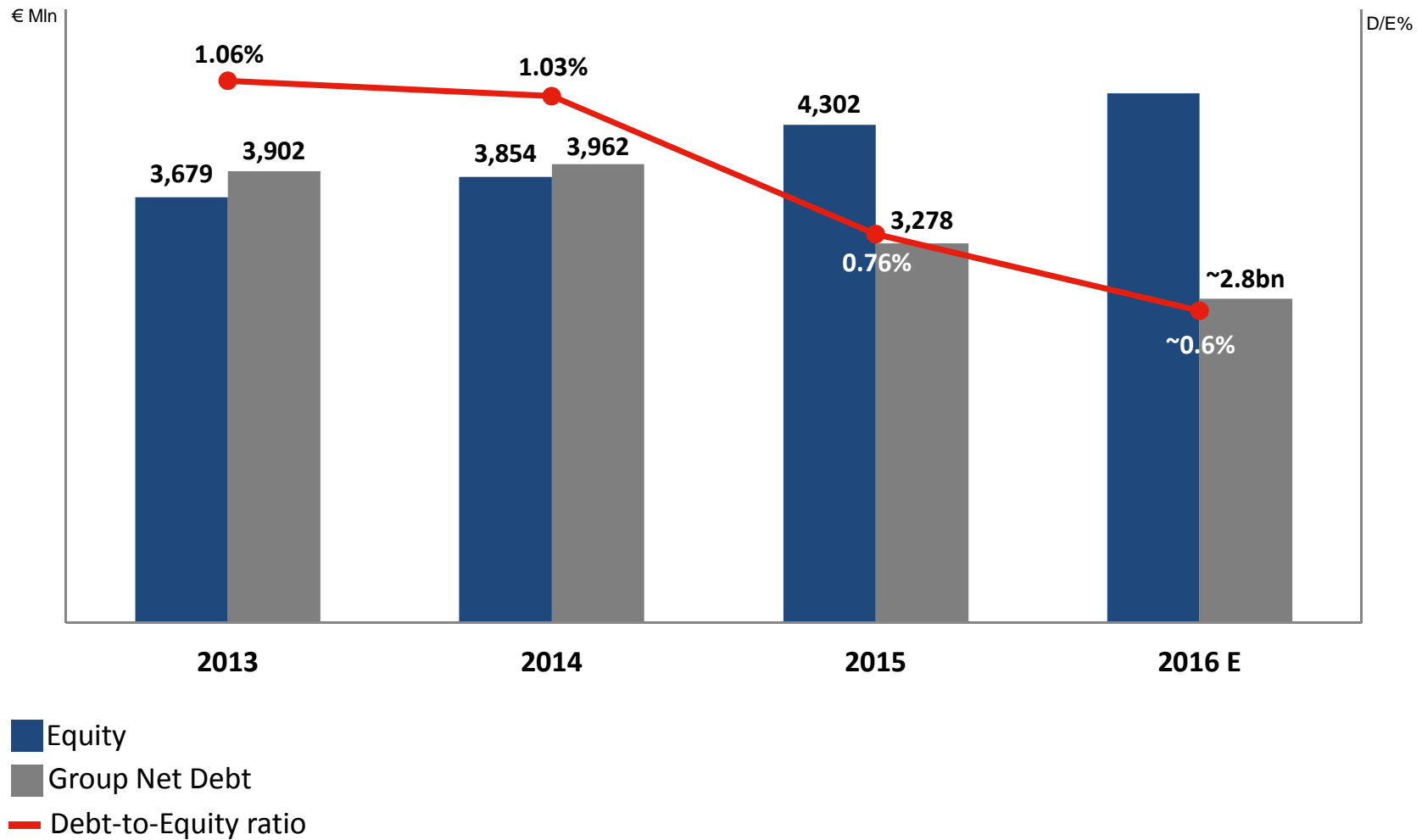
UPDATE ON STRATEGIC DEVELOPMENTS *(CEO and General Manager)*

Q&A

Better bottom line with growing cash conversion



Stronger capital structure for a more solid and flexible Company



Investments in innovation for future growth leveraging on key technologies



- working on a complete range UAVs (i.e. Falco family, IRIS)
- Also to address security needs



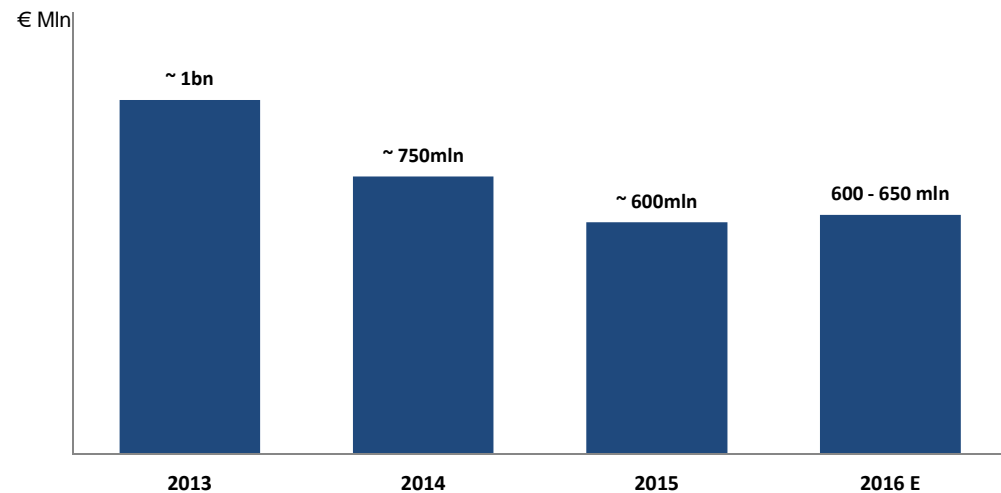
- Complete the Training value chain with the M-345 HET
- Extending the M-346 role to light fighter



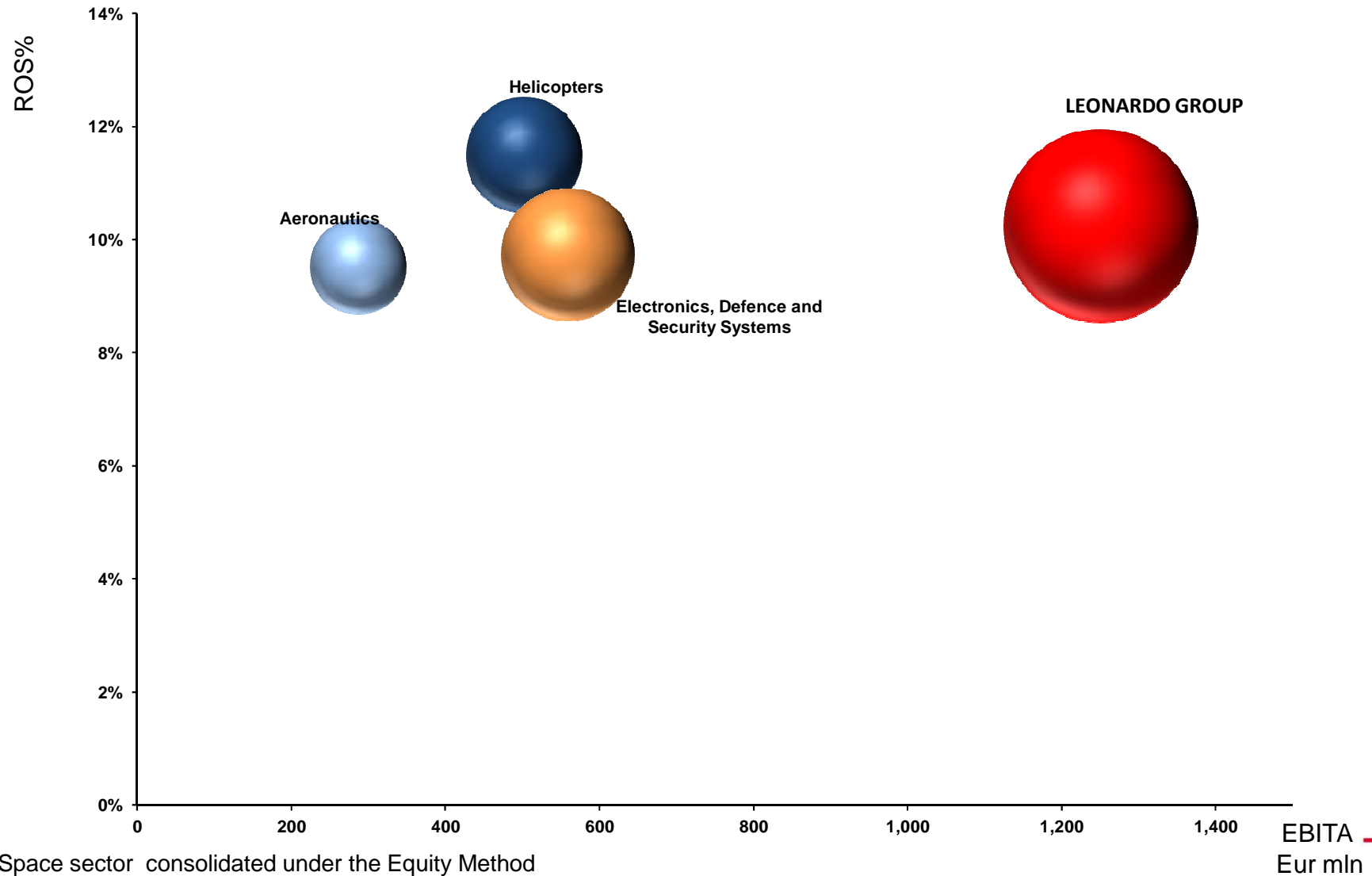
- Complete the AW169 certification
- Fully develop the AW609, expected to be certified in 2018



- Strengthening capabilities in Security (i.e. NATO N-Circ)
- New IFF System for EFA



Stronger, more focused and better balanced today
Contribution to 2016 Guidance*



*Space sector consolidated under the Equity Method

Executing and delivering strongly in 2016

- ✦ We have deeply rationalized the business and product portfolio
- ✦ Extracting the benefits of being today a one integrated Company
- ✦ Facing some market challenges we are concentrating our efforts and doing an outstanding job in what we can control:
 - Cost
 - Investments
 - Technologies
 - Commercial approach
- ✦ Result of these efforts clearly evident in our performance
- ✦ Relentless commitment to deliver more to our shareholders
- ✦ Focusing on responsible business conduct



SECTOR RESULTS

HELICOPTERS

	2Q			1H			FY
	2016	2015	% Change	2016	2015	% Change	2015
€ Mln							
Orders	574	909	(36.9%)	958	2,257	(57.6%)	3,910
Revenues	898	1,190	(24.5%)	1,708	2,114	(19.2%)	4,479
EBITA	119	148	(19.6%)	202	260	(22.3%)	558
ROS %	13.3%	12.4%	0.9 p.p.	11.8%	12.3%	(0.5) p.p.	12.5%

- * Challenging market conditions in some relevant segments affecting order intake also in 2Q2016.
- * 1H2015 benefitted from UK AW101 IOS contract
- * Double-digit profitability maintained notwithstanding lower Revenues
- * This Sector confirmed to be affected by challenges in Oil&Gas, extending across the other civil markets, coinciding with the introduction of some of our new products
- * We continue to expect solid performance with profitability steadily at double digit

ELECTRONICS, DEFENCE & SECURITY SYSTEMS

(Now includes Defence Systems as a Division, DRS and MBDA)

	2Q			1H			FY
	2016	2015	% Change	2016	2015	% Change	2015
€ Mln							
Orders	1,273	1,726	(26.2%)	2,490	2,728	(8,7%)	6.974
Revenues	1,303	1,448	(10.0%)	2,437	2,556	(4,7%)	5.656
EBITA	121	114	6.1%	177	147	20.4%	512
ROS %	9.3%	7.9%	1.4 p.p.	7.3%	5.8%	1.5 p.p.	9,1%

Of which
DRS:

	2Q			1H			FY
	2016	2015	% Change	2016	2015	% Change	2015
\$ Mln							
Orders	468	435	7.6%	890	1,002	(11.2%)	2,022
Revenues	407	453	(10.2%)	771	854	(9.7%)	1,805
EBITA	16	31	(48.4%)	33	49	(32.7%)	126
ROS %	3.9%	6.8%	(2.9) p.p.	4.3%	5.7%	(1.4) p.p.	7.0%

Avg. exchange rate €/€ @ 1.10 in 1H 2016

Avg. exchange rate €/€ @ 1.13 in 1H 2015

✳ Slight decline in Orders due to some postponements to H2 and change in perimeter of DRS. Major orders booked in *Land & Naval Defence Electronics* and *DRS*

✳ Sharp improvement in profitability, higher than expected in all divisions, supported by efficiency improvements and cost cutting together with recovery of industrial profitability in *Security & Information Systems*. Expected lower profitability in *DRS* due to change in mix of activities, partially offset by cost cutting actions

✳ Profitability expected to further improve, despite a more competitive environment and the winding down of some profitable programmes, supported by increasing benefits coming from industrial processes improvements (Manufacturing, Engineering and Supply Chain)

✳ For DRS, excluding the effect of the change in perimeter (ca.€200mln YoY), we continue to expect positive trend in business growth, even in a more competitive environment, and a further increase in profitability

AERONAUTICS

	2Q			1H			FY
	2016	2015	% Change	2016	2015	% Change	2015
€ Mln							
Orders	8,492	362	n.a.	9,485	691	n.a.	1,741
Revenues	741	754	(1.7%)	1,379	1,414	(2.5%)	3,118
EBITA	74	52	42.3%	115	86	33.7%	312
ROS %	10.0%	6.9%	3.1 p.p.	8.3%	6.1%	2.2 p.p.	10.0%

- * Significant level of new orders boosted by Eurofighter Kuwait (€ 7,95mln); also excluding this effect, both *Aircrafts* (9 additional M-346 to the Italian Air Force and support activities for EFA, C27J and AMX) and *Aerostructures* (B787 and ATR) achieved very good results
- * Revenues affected by change in perimeter (B787 pass-through activities)
- * Higher EBITA driven by improvement in *Aerostructures* and C27J
- * 2016 profitability expected to further improve driven by additional efficiency-improvement and cost reduction actions also offsetting the winding down of some high-margin programmes.

SPACE

	2Q			1H			FY
	2016	2015	% Change	2016	2015	% Change	2015
EBITA	25	21	19.0%	29	22	31.8%	37

€ Mln

- ✦ Good performance in Manufacturing, with higher volumes and better profitability offsetting lower margins in Services
- ✦ EBITA and profitability expected to recover in 2016



APPENDIX

GROUP PERFORMANCE

	2Q			1H			FY
	2016	2015	% Change	2016	2015	% Change	2015
€ Mr							
New Orders	10,303	2,898	n.a.	12,867	5,539	n.a.	12,371
Backlog	-	-	-	34,996	29,303	19.4%	28,793
Revenues	2,877	3,319	(13.3%)	5,413	5,973	(9.4%)	12,995
EBITDA	460	451	20.0%	786	738	6.5%	1,866
<i>EBITDA Margin</i>	16.0%	13.6%	2.4 p.p.	14.5%	12.4%	2.1 p.p.	14.4%
EBITA	308	293	5.1%	472	450	4.9%	1,208
<i>ROS %</i>	10.7%	8.8%	1.9 p.p.	8.7%	7.5%	1.2 p.p.	9.3%
EBIT	265	241	10.0%	399	351	13.7%	884
<i>EBIT Margin</i>	9.2%	7.3%	1.9 p.p.	7.4%	5.9%	1.5 p.p.	6.8%
Net result before extraordinary transactions	144	87	65.5%	200	91	n.a.	253
Net result	146	100	46.0%	210	111	n.a.	527
EPS (€ cents)	0.254	0.147	72.8%	0.365	0.149	n.a.	0.905
FOCF	83	137	(39%)	(793)	(743)	(6.7%)	307
Group Net Debt	-	-	-	4,233	4,990	(15.2%)	3,278
Headcount	-	-	-	46,732	55,393	(15.6%)	47,156

Free Operating Cash-Flow (FOCF): this is the sum of the cash flows generated by (used in) operating activities (which includes interests and income taxes paid) and the cash flows generated by (used in) ordinary investment activity (property, plant and equipment and intangible assets) and dividends received.

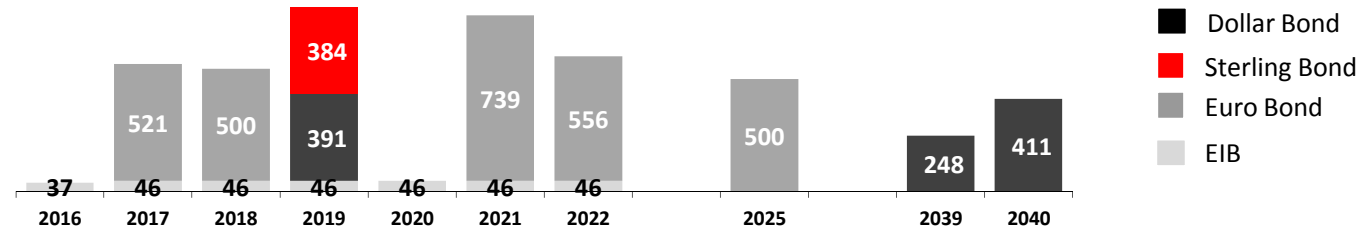
FINANCIAL POSITION (as of end of June 2016)

Key Messages

- ⌘ No refinancing needs before end 2017
- ⌘ Strong liquidity position
- ⌘ Bonds have neither financial covenants nor rating pricing grids
- ⌘ Average life approx. 7 years

Maturity Schedule

(€mil)



Early Repayments

(€mil)

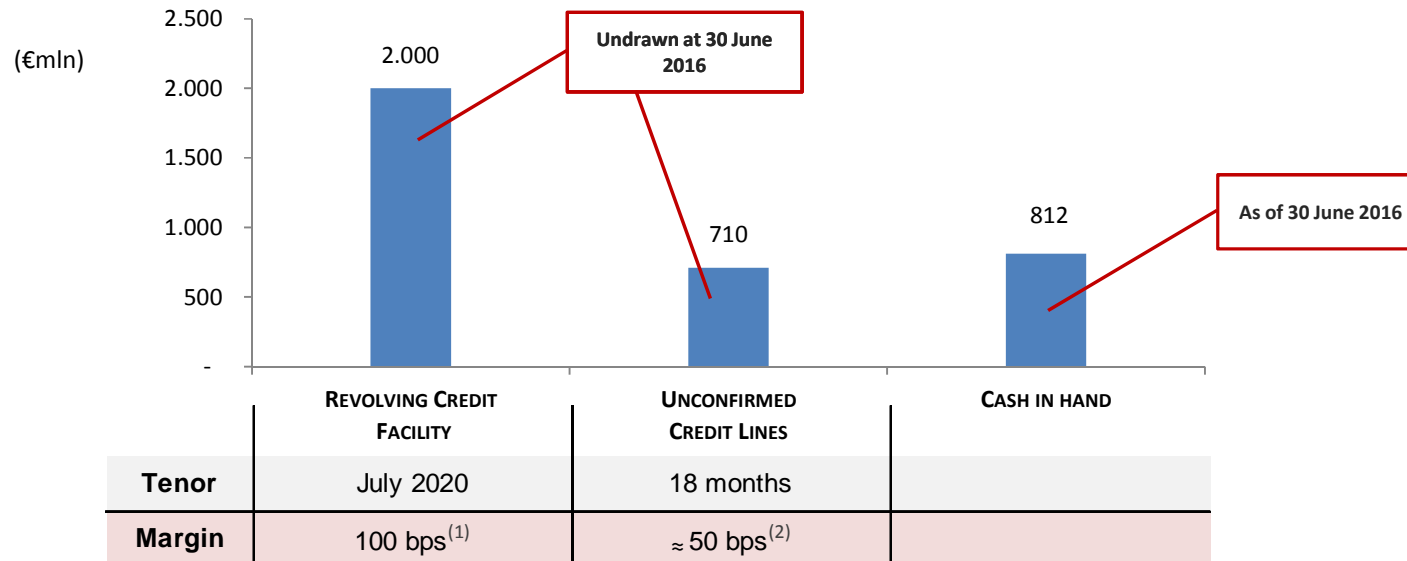
Bond	Initial Amount	Repaid Amount	Repayment Date
Dollar 2019	\$500	\$66	2012
Euro 2017	€ 600	€ 79	July 2015
Euro 2021	€ 950	€ 211	July 2015
Euro 2022	€ 600	€ 44	July 2015
Sterling 2019	£400	£82	July 2015
Dollar 2039	\$300	\$25	November 2015
Dollar 2040	\$500	\$43	November 2015

LIQUIDITY POSITION (as of end of June 2016)

Availability of adequate committed liquidity lines

In order to cope with possible swings in financing needs, Finmeccanica can leverage:

- 30 June cash balance of approx. €0.8Billion
- Credit lines worth €2.7 Billion (confirmed and unconfirmed)
 - The Revolving Credit Facility was renegotiated on 6 July 2015 lowering the margin from 180bps to 100bps. The renegotiated facility has an amount of €2.0bn and will expire in July 2020
- Bank Bonding lines of approximately €3.9 Billion to support Finmeccanica's commercial activity



(1) Based on rating as of 30/06/2016

(2) Average. Expected to be renewed at maturity

SAFE HARBOR STATEMENT

NOTE: Some of the statements included in this document are not historical facts but rather statements of future expectations, also related to future economic and financial performance, to be considered forward-looking statements. These forward-looking statements are based on Company's views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Given these uncertainties, you should not rely on forward-looking statements.

The following factors could affect our forward-looking statements: the ability to obtain or the timing of obtaining future government awards; the availability of government funding and customer requirements both domestically and internationally; changes in government or customer priorities due to programme reviews or revisions to strategic objectives (including changes in priorities to respond to terrorist threats or to improve homeland security); difficulties in developing and producing operationally advanced technology systems; the competitive environment; economic business and political conditions domestically and internationally; programme performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; our ability to achieve or realise savings for our customers or ourselves through our global cost-cutting programme and other financial management programmes; and the outcome of contingencies (including completion of any acquisitions and divestitures, litigation and environmental remediation efforts).

These are only some of the numerous factors that may affect the forward-looking statements contained in this document.

The Company undertakes no obligation to revise or update forward-looking statements as a result of new information since these statements may no longer be accurate or timely.

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2015 Annual Results

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Sustainability



We do business in a sustainable manner, with a continued commitment to economic and social development and the protection of public health and the environment.