



# 1Q 2017 Results Presentation

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Chief Financial Officer

Rome, 4 May 2017

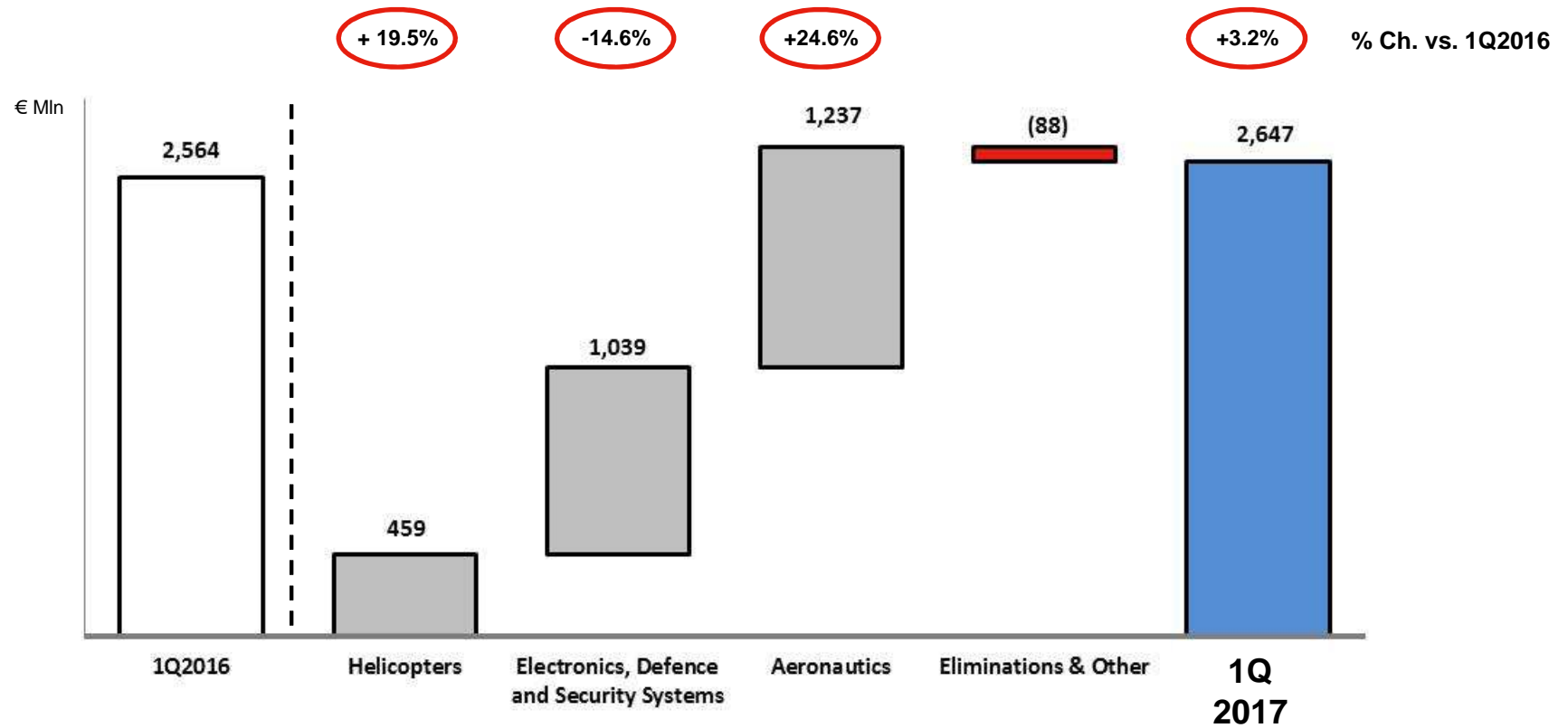


## Q1 Key messages

- ✦ On track and fully focused on delivering the Industrial Plan
- ✦ Good commercial performance
- ✦ Expected softer volumes after very strong Q4, especially in Helicopters
- ✦ Continued improvements in EBITA and profitability, driven by E,D&SS
- ✦ FOCF benefitted of Kuwait contract advance payment
- ✦ FY Guidance confirmed

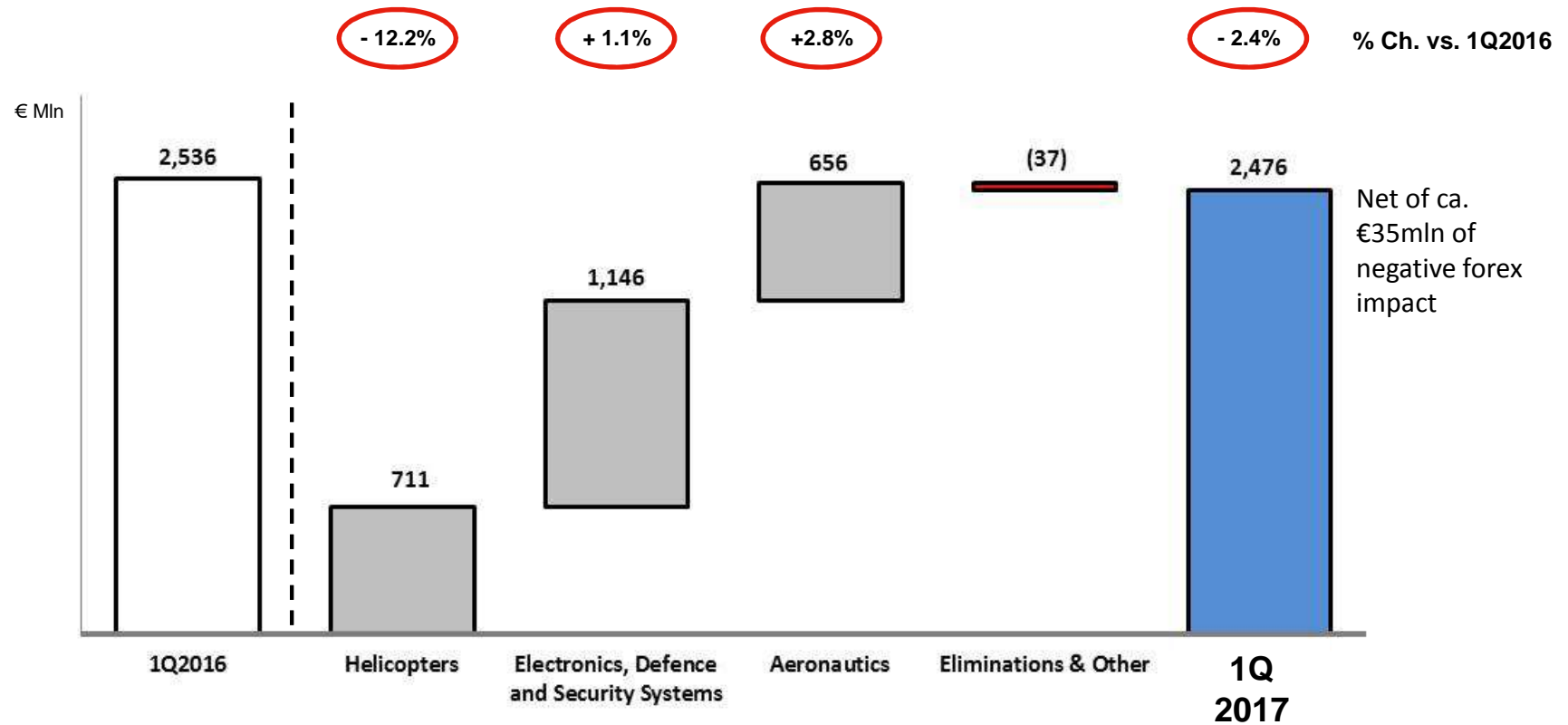
## New Orders

*In line or above expectations*



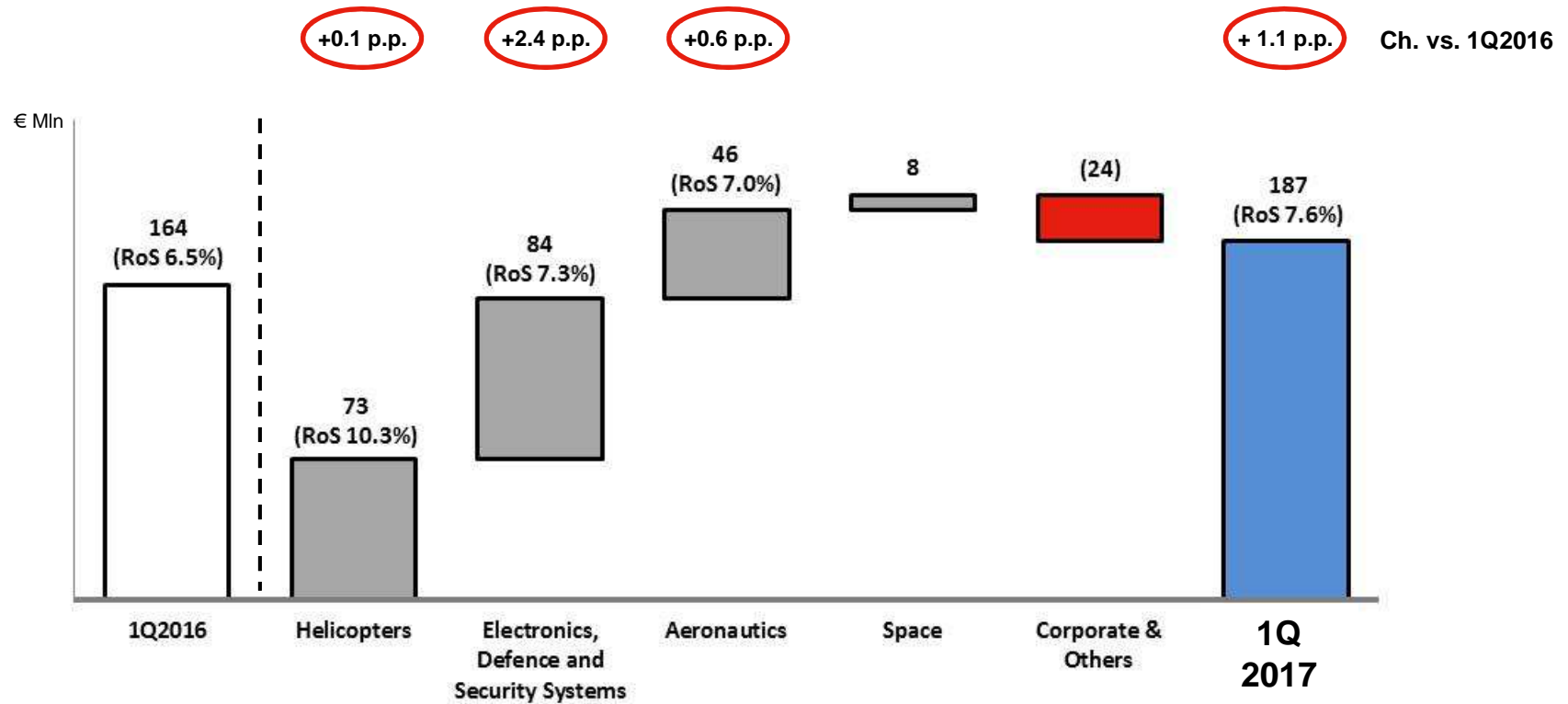
**Revenues**

*Soft start expected*



### Profitability improvement

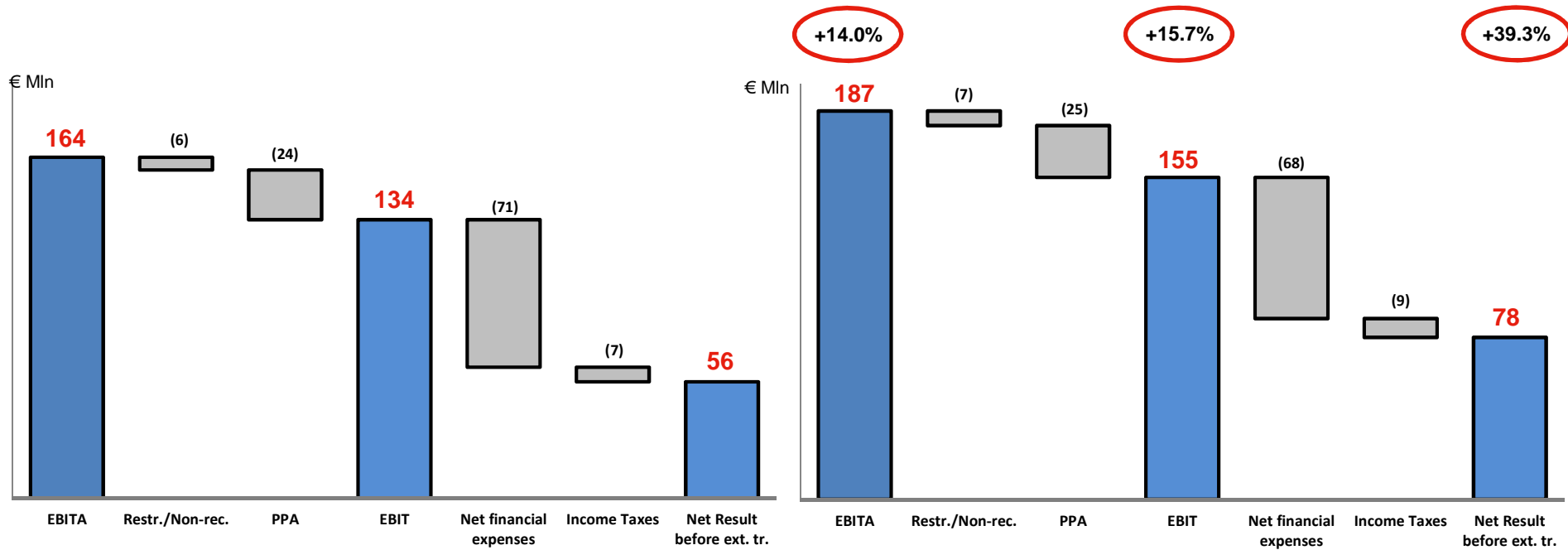
*EBITA continued to improve despite lower Revenues. RoS 110bp higher*



**Net Result Before Extraordinary Transactions Improvement**  
*+39% YoY on higher EBITA and EBIT*

**1Q2016**

**1Q2017**



## FY2017 Guidance unchanged

- ✦ **EBITA:** further improvement confirmed also in profitability
- ✦ **Below the line:** further reduction of the non-recurring items
- ✦ **FOCF:** 2016-2017 cumulative net effect of the EFA Kuwait advance payment confirmed at around € 600 mln
- ✦ **Net Debt:** down ca. €300mln, including the acquisition of Daylight Solutions and the proposed payment of dividend for €0.14 p.s.

		FY2016A	FY2017E*
<b>New orders</b>	€ bn	20.0	12.0 – 12.5
<b>Revenues</b>	€ bn	12.0	ca. 12.0
<b>EBITA</b>	€ mln	1,252	1,250 – 1,300
<b>FOCF</b>	€ mln	706	500 – 600
<b>Group Net Debt</b>	€ bn	2.8	ca. 2.5

(\*) Assuming €/\$ exchange rate at 1.15 and €/£ at 0.85



**Q&A**





# **SECTOR RESULTS**

## 1Q2017 Sector results

### Helicopters

	1Q			FY
	2017	2016	% Change	2016
€ Mln				
Orders	459	384	19.5%	3,737
Revenues	711	810	(12.2%)	3,639
EBITA	73	83	(12.0%)	430
ROS %	10.3%	10.2%	0.1 p.p.	11.8%

- \* Higher orders YoY, still in markets that remain challenging and uncertain
- \* Softer revenues after strong 4Q, due to slower recovery of production in civil and the completion of some programmes on the AW159/Lynx lines
- \* Double-digit profitability solidly maintained despite lower volumes
- \* For FY2017, in a still challenging environment, we expect revenues almost in line with 2016, underpinned by a strong backlog and the entry in full operation of the new AW169. Profitability at double digit, in line with 2016

## 1Q2017 Sector results

### Electronics, Defence & Security Systems\*

	1Q			FY
	2017	2016	% Change	2016
€ Mln				
Orders	1,039	1,217	(14.6%)	6,726
Revenues	1,146	1,134	1.1%	5,468
EBITA	84	56	50.0%	558
ROS %	7.3%	4.9%	2.4 p.p.	10.2%

Of which  
DRS:

	1Q			FY
	2017	2016	% Change	2016
\$ Mln				
Orders	401	422	(5.0%)	1,923
Revenues	395	364	8.5%	1,753
EBITA	25	17	47.1%	128
ROS %	6.3%	4.7%	1.6 p.p.	7.3%

Avg. exchange rate €/€ @ 1.0647 in 1Q2017  
Avg. exchange rate €/€ @ 1.1021 in 1Q2016

- ✦ Good commercial performance, with expected decline in *Land&Naval Defence Electronics*, partially offset by higher orders in *Airborne & Space Systems*.
- ✦ With revenues in line YoY, sharp improvement in profitability due to benefits from Industrial Plan actions and profitability recovery in some areas
- ✦ 2017 Revenues and Profitability expected to be substantially in line with 2016, despite a more competitive environment and the winding down of some profitable programmes, supported by benefits coming from industrial processes improvements
- ✦ For DRS we continue to expect positive trend in business growth and a further increase in profitability

\*includes Defence Systems as a Division, DRS and MBDA

## 1Q2017 Sector results

### Aeronautics

	1Q			FY
	2017	2016	% Change	2016
€ Mln				
Orders	1,237	993	24.6%	10,158
Revenues	656	638	2.8%	3,130
EBITA	46	41	12.2%	347
ROS %	7.0%	6.4%	0.6 p.p.	11.1%

- \* Significant New Orders in *Aircraft* (EFA capability maintenance and support engineering services, first batch of new M-345 for AMI) and *Aerostructures* (B787, ATR)
- \* Higher EBITA driven by *Aircraft* (EFA)
- \* 2017 revenues expected in line with 2016. “Double digit” profitability confirmed, benefitting from efficiency-improvement and cost reduction actions, aimed at offsetting the winding down of some military programmes and lower contribution from ATR

## 1Q2017 Sector results

### Space

	1Q			FY
	2017	2016	% Change	2016
EBITA	8	4	100.0%	77

€ Mln

- ✦ Better results on higher volumes in Manufacturing and improvements in industrial profitability in Satellite Services
- ✦ 2017 Profitability expected in line with 2016, with growing Manufacturing Revenues



# APPENDIX

## 1Q2017 results

### Group Performance

	1Q			FY
	2017	2016	% Change	2016
€ Mln				
New Orders	2,647	2,564	3.2%	19,951
Backlog	34,832	27,863	25.0%	34,798
Revenues	2,476	2,536	(2.4%)	12,002
EBITDA	330	326	1.2%	1,907
<i>EBITDA Margin</i>	13.3%	12.9%	0.4 p.p.	15.9%
EBITA	187	164	14.0%	1,252
<i>ROS %</i>	7.6%	6.5%	1.1 p.p.	10.4%
EBIT	155	134	15.7%	982
<i>EBIT Margin</i>	6.3%	5.3%	1.0 p.p.	8.2%
Net result before extraordinary transactions	78	56	39.3%	545
Group Net result	78	64	21.9%	507
EPS (€ cents)	0.136	0.111	22.5%	0.879
FOCF	(427)	(876)	51.3%	706
Group Net Debt	3,254	4,212	(22.7%)	2,845
Headcount	45,407	46,756	(2.9%)	45,631

## Balance Sheet solidity – Financial position and Rating (as of end of March 2017)

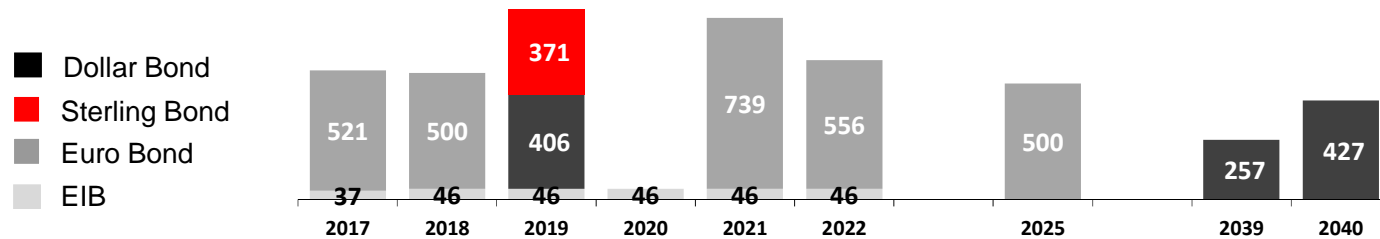
### FINANCIAL POSITION

Bond	4.277
EIB Loan	268
Cash Available	(1.752)
Other financial assets/liabilities	461
	<u>3.254</u>

(€mil)

Average life: ≈ 6,5 years

Debt maturity profile



	As of today	Before last review	Date of review
<b>Moody's</b>	Ba1 / Stable Outlook	Ba1 / Negative Outlook	August 2015
<b>S&amp;P</b>	BB+ / Stable Outlook	BB+ / Negative Outlook	April 2015
<b>Fitch</b>	BB+ / Positive Outlook	BB+ / Stable Outlook	October 2016

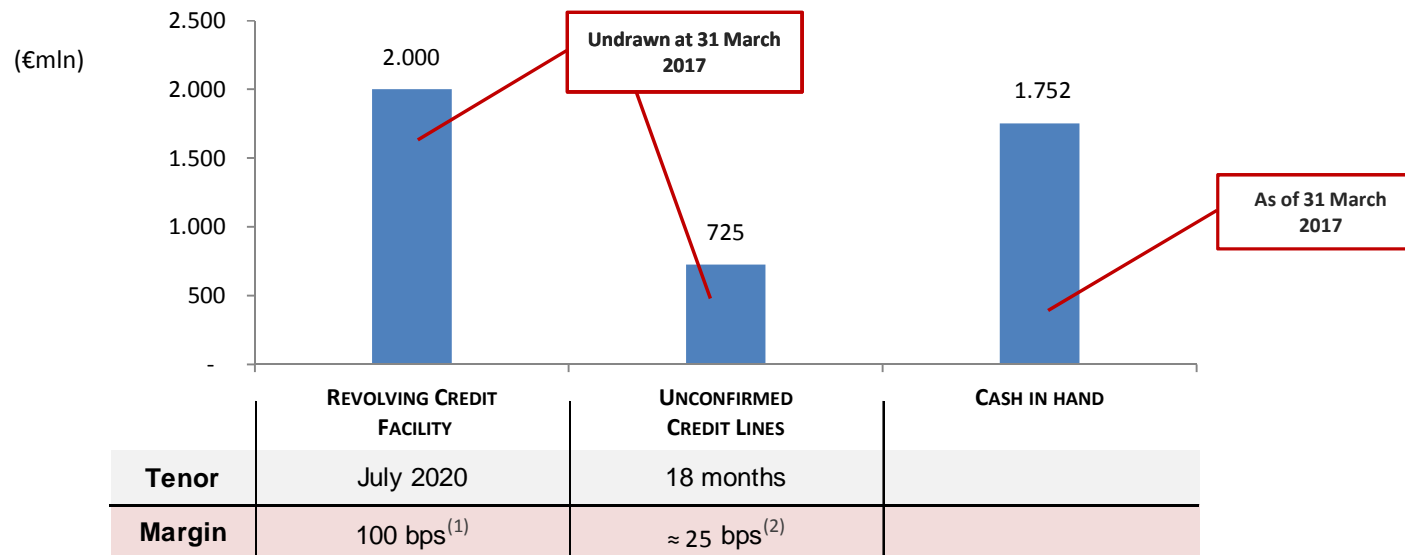


## LIQUIDITY POSITION (as of end of March 2017)

### Availability of adequate committed liquidity lines

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

- 31 March cash balance of approx. €1.8 Billion
- 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 €4.0 Billion to support Leonardo's commercial activity



(1) Based on rating as of 31/03/2017

(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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## 2016 Annual Results

### Quick links

[Annual report 2016](#)

[Press release](#)

[Video webcast](#)



[Video channel](#)



[Slide channel](#)

## Sustainability



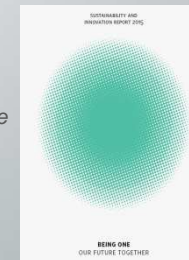
Member since 2010



Participation since 2008



Member since 2016



[Sustainability and Innovation Report 2015](#)

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.