3Q/9M 2019 Results Presentation

Alessandro Profumo
Chief Executive Officer
Alessandra Genco
Chief Financial Officer

Investor Relations and Credit Rating Agencies

Rome, 7 November 2019
Agenda

> Executing the Industrial Plan  
  *Chief Executive Officer*

> 3Q/9M 2019 Results & Outlook  
  *Chief Financial Officer*

> Appendix
Solid 9M 2019 performance

- Successfully driving commercial momentum

- Nine months results in line with expectations
  - Good commercial performance and top line growth
  - EBITA up 9% and Profitability at 7.5% in line with our Plan

- All main businesses delivering in line with Plan

- 2019 Guidance confirmed

- Executing on our financial strategy

- Building and investing in sustainable future
Fully focused on Industrial Plan execution: sustainable growth

- Successfully achieving targets
- Strong and well diversified business
- Successes and capabilities in military / Customer, Support & Training offsetting weakness of civil market

- Going from strength to strength
- Key goals to raise performance, leveraging best practices
- Building long term sustainable future (i.e. Tempest)

- Strongly growing in the attractive US market
- Strong top line increase and solid soft backlog
- Increasing profitability and cash generation

- Solid performance
- Building success through key programmes (i.e. EFA, trainers)

- On track with the recovery plan
Agenda

> Executing the Industrial Plan  
  Chief Executive Officer

> 3Q/9M 2019 Results & Outlook  
  Chief Financial Officer

> Appendix
3Q/9M 2019 highlights

• Good progress in 3Q/9M
  o Orders at € 8.6 bn (9M18 included NH90 Qatar for ca. € 3 bn)
  o Revenues up 11% YoY at € 9.1 bn
  o EBITA up 9% YoY at € 686 mln with RoS at 7.5%
  o Net Result up 76.8% at € 467 mln
  o FOCF at € (1.2) bn, in line with usual seasonality

• 2019 Guidance confirmed
Order Intake

Good commercial momentum across the Group

3Q18 included €3bn NH90 Qatar.
9M19 Orders driven by military (NH90 Spain and AW101 Poland) and CS&T

-52.3% YoY

Strong contribution from Electronics and Leonardo DRS (MFoCS II)

+30.1% YoY

Mainly driven by Aircraft (EFA, F-35, M345 and M346 FA)

+41.7% YoY

9M 2019 orders driven by military (NH90 Spain and AW101 Poland) and CS&T

Strong contribution from Electronics and Leonardo DRS (MFoCS II)

Mainly driven by Aircraft (EFA, F-35, M345 and M346 FA)

9M 2019 ca. € 36 bn

ORDER BACKLOG

ca. € 124 mln positive forex

33% Helicopters
32% Defence Electronics & Security
35% Aeronautics
Revenues
Positive momentum mainly in Defence Electronics & Security and Aeronautics

<table>
<thead>
<tr>
<th>Segment</th>
<th>€ mln</th>
<th>Change</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2018</td>
<td>8,240</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helicopters</td>
<td>2,736</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defence Electronics &amp; Security</td>
<td>4,337</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aeronautics</td>
<td>2,304</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eliminations &amp; Other</td>
<td>(243)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9M 2019</td>
<td>9,134</td>
<td></td>
<td>+10.8%</td>
</tr>
</tbody>
</table>

Driven by Leonardo DRS
Higher EFA Kuwait, B787 and A220 production rate
CS&T and military/governmental offsetting lower civil

ca. € 112 mln positive forex

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EBITA and Profitability

Higher performance across all businesses, with lower contribution from Space Manufacturing and ATR

<table>
<thead>
<tr>
<th>Sector</th>
<th>9M 2018 (€ mln)</th>
<th>YoY %</th>
<th>9M 2019 (€ mln)</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helicopters</td>
<td>270 (RoS 9.9%)</td>
<td></td>
<td>342 (RoS 7.9%)</td>
<td></td>
</tr>
<tr>
<td>Defence Electronics &amp; Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aeronautics</td>
<td>165 (RoS 7.2%)</td>
<td>-1.2%</td>
<td></td>
<td>-25.8%</td>
</tr>
<tr>
<td>Space</td>
<td></td>
<td></td>
<td></td>
<td>-60.6%</td>
</tr>
<tr>
<td>Corporate &amp; Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9M 2018</td>
<td>632 (RoS 7.7%)</td>
<td></td>
<td>686 (RoS 7.5%)</td>
<td></td>
</tr>
</tbody>
</table>

Driven by military, CS&T and UK pension scheme revision
Higher volumes in Europe and US
Higher Aircraft and Aerostructures partially offsetting ATR
Lower Manufacturing partially offset by Services
Corporate costs and centralised activities as backbone for growth

+24.4% YoY
+18.8% YoY
-1.2% YoY
-25.8% YoY
-60.6% YoY
+8.5% YoY

+24.4% YoY
+18.8% YoY
-1.2% YoY
-25.8% YoY
-60.6% YoY
+8.5% YoY

ca. € 6 mln positive forex
Net Result
Below the line benefitting from lower restructuring costs and PPA

9M 2018

EBITA 632
Restructuring costs (187)
PPA (73)

EBIT 372
Net financial expenses (177)
Income taxes (31)

Net Result 263
Results of discontinued operations (Andalbo Energia) 99

9M 2019

EBITA 686
Non recurring costs (7)
Restructuring costs (11)
PPA (20)

EBIT 648
Net financial expenses (188)
Income taxes (93)

Net Result 465
Results of discontinued operations (AndalboBreda) 98

• EBIT up 74.2%, driven by lower restructuring costs and lower PPA
• Net Result benefitting from the release of the risk provision set against guarantees given upon disposal of transportation business of AnsaldoBreda (2Q19)
## FY 2019 Guidance confirmed

<table>
<thead>
<tr>
<th></th>
<th>FY2018A</th>
<th>FY2019 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW ORDERS</td>
<td>€ bn</td>
<td>15.124</td>
</tr>
<tr>
<td>REVENUES</td>
<td>€ bn</td>
<td>12.240</td>
</tr>
<tr>
<td>EBITA</td>
<td>€ bn</td>
<td>1.120</td>
</tr>
<tr>
<td>FOCF</td>
<td>€ mln</td>
<td>336</td>
</tr>
<tr>
<td>GROUP NET DEBT</td>
<td>€ bn</td>
<td>2.351</td>
</tr>
</tbody>
</table>

*Including IFRS16 effect of ca. € 0.4 - 0.5 bn

2018 exchange rate assumptions: €/USD 1.25 and €/GBP 0.90

*Including IFRS16 effect of ca. €0.4 - €0.5 bn
Q&A
SECTOR RESULTS
Helicopters
Well positioned to capture growth opportunities

<table>
<thead>
<tr>
<th></th>
<th>3Q 2018</th>
<th>3Q 2019</th>
<th>% Change</th>
<th>9M 2018</th>
<th>9M 2019</th>
<th>% Change</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>3,356</td>
<td>527</td>
<td>-84.3%</td>
<td>4,685</td>
<td>2,234</td>
<td>-52.3%</td>
<td>6,208</td>
</tr>
<tr>
<td>Revenues</td>
<td>826</td>
<td>841</td>
<td>+1.8%</td>
<td>2,656</td>
<td>2,736</td>
<td>+3.0%</td>
<td>3,810</td>
</tr>
<tr>
<td>EBITA</td>
<td>64</td>
<td>70</td>
<td>+9.4%</td>
<td>217</td>
<td>270</td>
<td>+24.3%</td>
<td>359</td>
</tr>
<tr>
<td>RoS</td>
<td>7.7%</td>
<td>8.3%</td>
<td>+0.6 p.p.</td>
<td>8.2%</td>
<td>9.9%</td>
<td>+1.7 p.p.</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

2019 OUTLOOK

- Well placed in the most attractive segments
- Profitability strengthening: 9M2019 benefitted from higher military and customer support contribution and agreed changes to UK pension scheme.
- Back to double digit profitability by 2020
- Continuing optimization of industrial processes to improve competitiveness
Helicopters

**DELIVERIES BY PROGRAMME**

9M2019 = 91 new units

- AW169: 20 units
- AW189 / 149: 7 units
- NH90: 19 units
- AW139 / W3: 36 units

9M2018 = 113 new units

- AW169: 18 units
- AW189 / 149: 11 units
- NH90: 30 units
- AW139 / W3: 44 units

**REVENUES BY CUSTOMER/SEGMENT**

9M2019

- Civil: 71%
- Military/Governamental: 29%
- OE: 63%
- CS&T/Other: 37%

9M2018

- Civil: 61%
- Military/Governamental: 39%
- OE: 63%
- CS&T/Other: 37%
Defence Electronics & Security
Growing Revenues and Profitability

### ELECTRONICS - EU

<table>
<thead>
<tr>
<th></th>
<th>3Q 2018</th>
<th>3Q 2019</th>
<th>% Change</th>
<th>9M 2018</th>
<th>9M 2019</th>
<th>% Change</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders</strong></td>
<td>€ mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>620</td>
<td>652</td>
<td>+5.2%</td>
<td>1,950</td>
<td>2,660</td>
<td>+36.4%</td>
<td>4,408</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>€ mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>843</td>
<td>867</td>
<td>+2.8%</td>
<td>2,587</td>
<td>2,738</td>
<td>+5.8%</td>
<td>4,010</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>€ mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>50</td>
<td>66</td>
<td>+32.0%</td>
<td>218</td>
<td>238</td>
<td>+9.6%</td>
<td>394</td>
</tr>
<tr>
<td><strong>RoS</strong></td>
<td>%</td>
<td></td>
<td>+1.7 p.p.</td>
<td>8.4%</td>
<td>8.7%</td>
<td>+0.3 p.p.</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

### LEONARDO DRS

<table>
<thead>
<tr>
<th></th>
<th>$ mln</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders</strong></td>
<td>$ mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>700</td>
<td>676</td>
<td>-3.4%</td>
<td>1,950</td>
<td>2,253</td>
<td>+15.5%</td>
<td>2,880</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$ mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>582</td>
<td>687</td>
<td>+18.0%</td>
<td>1,541</td>
<td>1,816</td>
<td>+17.8%</td>
<td>2,339</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>$ mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>38</td>
<td>53</td>
<td>+39.5%</td>
<td>84</td>
<td>116</td>
<td>+38.1%</td>
<td>151</td>
</tr>
<tr>
<td><strong>RoS</strong></td>
<td>%</td>
<td></td>
<td>+1.2 p.p.</td>
<td>5.5%</td>
<td>6.4%</td>
<td>+0.9 p.p.</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

### 2019 OUTLOOK

- **2019 revenue growth**
- **Profitability improvement**
- **Leonardo DRS to continue its strong performance**
- **Leonardo DRS Soft Backlog accounting for > 3x current Backlog (ca. $ 3 bn)**

Avg. exchange rate €/$ @ 1.12371 in 9M2019
Avg. exchange rate €/$ @ 1.19494 in 9M2018
Aeronautics

Solid Aircraft performance offsetting lower ATR

### 2019 OUTLOOK

- Higher revenues compared to 2018
  - Aircraft production increase (especially EFA Kuwait)

- Good levels of profitability supported by
  - Solid Aircraft performance
  - First signs of recovery in Aerostructures benefitting from efficiency improvement in line with expectations

- Softness in ATR expected to drive JV lower profitability YoY
Space
Pressure on Manufacturing

### 2019 OUTLOOK

- Continued downturn in telecommunication market expected to affect Manufacturing activities
### 3Q/9M 2019 Results

#### Group Performance

<table>
<thead>
<tr>
<th></th>
<th>3Q 2018</th>
<th>3Q 2019</th>
<th>% Change</th>
<th>9M 2018</th>
<th>9M 2019</th>
<th>% Change</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Orders</strong></td>
<td>4,786</td>
<td>2,434</td>
<td>-49.1%</td>
<td>9,390</td>
<td>8,579</td>
<td>-8.6%</td>
<td>15,124</td>
</tr>
<tr>
<td><strong>Backlog</strong></td>
<td></td>
<td></td>
<td></td>
<td>34,501</td>
<td>35,672</td>
<td>+3.4%</td>
<td>36,118</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>2,651</td>
<td>3,172</td>
<td>+19.7%</td>
<td>8,240</td>
<td>9,134</td>
<td>+10.8%</td>
<td>12,240</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>162</td>
<td>199</td>
<td>+22.8%</td>
<td>632</td>
<td>686</td>
<td>+8.5%</td>
<td>1,120</td>
</tr>
<tr>
<td><strong>RoS</strong></td>
<td>6.1%</td>
<td>6.3%</td>
<td>+0.2 p.p.</td>
<td>7.7%</td>
<td>7.5%</td>
<td>-0.2 p.p.</td>
<td>9.2%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>132</td>
<td>186</td>
<td>+40.9%</td>
<td>372</td>
<td>648</td>
<td>+74.2%</td>
<td>715</td>
</tr>
<tr>
<td><strong>EBIT Margin</strong></td>
<td>5.0%</td>
<td>5.9%</td>
<td>+0.9 p.p.</td>
<td>4.5%</td>
<td>7.1%</td>
<td>+2.6 p.p.</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Net result before extraordinary transactions</strong></td>
<td>58</td>
<td>115</td>
<td>+98.3%</td>
<td>164</td>
<td>367</td>
<td>+123.8%</td>
<td>421</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>156</td>
<td>116</td>
<td>-25.6%</td>
<td>263</td>
<td>465</td>
<td>+76.8%</td>
<td>510</td>
</tr>
<tr>
<td><strong>EPS (€ cents)</strong></td>
<td>0.271</td>
<td>0.202</td>
<td>-25.5%</td>
<td>0.456</td>
<td>0.809</td>
<td>+77.4%</td>
<td>0.888</td>
</tr>
<tr>
<td><strong>FOCF</strong></td>
<td>9</td>
<td>(167)</td>
<td>-1,956%</td>
<td>(800)</td>
<td>(1,217)</td>
<td>-52.1%</td>
<td>336</td>
</tr>
<tr>
<td><strong>Group Net Debt</strong></td>
<td></td>
<td></td>
<td></td>
<td>3,503</td>
<td>4,301</td>
<td>+22.8%</td>
<td>2,351</td>
</tr>
<tr>
<td><strong>Headcount</strong></td>
<td></td>
<td></td>
<td></td>
<td>46,413</td>
<td>49,234</td>
<td>+6.1%</td>
<td>46,462</td>
</tr>
</tbody>
</table>

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.
Solid Financial Position as at end of September 2019

**DEBT MATURITY**
Average life: ≈ 5.4 years

Repayment Conditions of New Debt Instruments

The Term Loan Facility is characterised by a 5 years bullet repayment; the EIB financing is a 12 year amortizing loan with a 4 year grace period

**CREDIT RATING**

<table>
<thead>
<tr>
<th></th>
<th>As of today</th>
<th>Before last review</th>
<th>Date of review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody's</td>
<td>Ba1 / Stable Outlook</td>
<td>Ba1 / Positive Outlook</td>
<td>October 2018 *</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>BB+ / Stable Outlook</td>
<td>BB+ / Negative Outlook</td>
<td>April 2015</td>
</tr>
<tr>
<td>Fitch</td>
<td>BBB- / Stable Outlook</td>
<td>BB+ / Positive Outlook</td>
<td>October 2017</td>
</tr>
</tbody>
</table>

* In May 2019, Moody’s upgraded Leonardo’s Baseline Credit Assessment (BCA) to ba1 from ba2 and affirmed the Ba1 Corporate Family Rating (CFR)

*Excluding reimbursements due in 2019*
Availability of adequate committed liquidity lines as at end of September 2019

- In order to cope with possible swings in financing needs, Leonardo can leverage:
  - 30 September cash balance of € 1.0 bn
  - Credit lines worth € 2.5 bn (confirmed and unconfirmed)
  - The Revolving Credit Facility signed on 14 February 2018 amounts at €1.8 bn with a margin of 75bps and will expire in 2023
  - Bank Bonding lines of approximately € 3.2 bn to support Leonardo’s commercial activity

<table>
<thead>
<tr>
<th>Tenor</th>
<th>July 2023</th>
<th>12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>75 bps (1)</td>
<td>~30 bps (2)</td>
</tr>
</tbody>
</table>

(1) Based on rating as of 30/09/2019
(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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