Agenda

Part 1: Setting the business up to succeed in the long term
- Strengthen our core
  - Focus on top line growth & profitability improvement
  - Customer satisfaction…our daily effort and ultimate goal
- Transform to grow
  - Towards more efficient organisation
  - From product seller to solution provider
- Master the new
  - Leonardo’s future approach to Innovation

Part 2: Delivering on promises
- Long term targets
- FY2019 Results & Outlook

Part 3: Key takeaway messages

Q&A
Setting the business up to succeed in the long term

Alessandro Profumo  
Chief Executive Officer

Rome, 13 March 2020
We are very clear on the company we want to be

- A company delivering long-term sustainable growth
- Clear ambitions in our priority sectors
- Significant actions behind those ambitions
- Doing what we said we would do
Delivering long term sustainable growth

Stronger international footprint

Outstanding achievements

- i.e. NH90 in Qatar
- i.e. MH-139, TH-119 and MFoCS in US
- i.e. M345 in Italy
- i.e. AESA radar in UK (hundreds of Electronics contracts with individual value < € 10 mln)

Top line growth driven by high quality products and solutions

Accelerating Order Intake

- ca. € 30 bn in 2018-2019
- > 40% of 2018-2022 target

WORLDWIDE PRESENCE

- **FY2019 Backlog***
  - € 36.5 bn
  
  ![Pie Chart](image)

  - NORTH AMERICA: 34%
  - REST OF EUROPE: 18%
  - REST OF WORLD: 25%
  - UK: 11%
  - ITALY: 12%

  *not including Soft Backlog

- **Cumulated 2018-2019 Orders***
  - ca. € 30 bn

  ![Pie Chart](image)

  - HELICOPTERS: 36%
  - DEFENCE ELECTRONICS: 18%
  - AERONAUTICS: 46%

WELL BALANCED ACROSS THE GROUP

© 2019 Leonardo - Società per azioni
Long term sustainable growth underpinned by Customer Support, Services & Training

Really valuable part of our business
- Higher margin
- Multi year revenue visibility

Making significant progress at Group level
- Up to 22% of 2019 Group Revenues
- Top ranked in Civil Helicopters Customer Support (Pro Pilot) for the 2nd year in a row and with higher score across all key indicators

Creates long term loyalty and repeat business
- We have one of world's best flight training school (IFTS)

CUSTOMER SUPPORT & SERVICE (% of Group Revenues)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>&lt; 20%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>22%</td>
</tr>
</tbody>
</table>

2022 TARGET
>25%
Delivering on long term sustainable growth

Strong focus on cost control and efficiencies
- LEAP 2020 and Leonardo Production System launched, with results so far above target
- Continuous improvement identifying more opportunities

RoS solidly above 10%, excluding pass-through activities

ROIC* as a key indicator of our performance

*ROIC (Return on Invested Capital) = EBITA / Average Net Invested Capital

ROIC

ROIC

ROS

9.1% in 2019
10.1% in 2019 w/o pass-through

> € 200 mln annualised savings
80% reinvested for growth

14.8% in 2017
16.2% in 2019 growing faster than RoS

Solid path confirmed by 2024
Clear targets in our priority sectors

GLOBAL

- **World leader** in Helicopters and in Simulation solutions & Training

- **Leader** in Europe in Defence Electronics and reference partner for DoD and US primes

- **Key player** in international cooperation programmes (i.e. Eurofighter LTE, Tempest)

- **Partner of choice** of Institutions for Safety and Cyber Security

- **Key player in Space** through the Space Alliance
Clear view of the strategic path

STRENGTHEN OUR CORE

- Keep strong focus on our core to fuel growth
- Delivering the significant Backlog
- Exploiting full potential of product Portfolio (platforms + sensors & systems)
- Grow Customer Support & Training
- Capturing growing demand for Cyber Defence

TRANSFORM TO GROW

- Adding new capabilities
- Leveraging these capabilities in a more integrated way across businesses
- Evolving to meet changing market and customer needs

MASTER THE NEW ACCELERATING INNOVATION

- Identify, develop, leverage, scale new technologies “transversal” across the Group
- Fully digitalized in engineering, products and offering
- Drive innovation leveraging our 10,000 engineers talent pool

LEONARDO DRS TOP LINE GROWTH & PROFITABILITY IMPROVEMENT

CUSTOMER SUPPORT IN HELICOPTERS

ELECTRONICS MORE EFFICIENT ORGANISATION

AIRCRAFT GOING FROM PLATFORM SELLER TO SOLUTIONS PROVIDER

LEONARDO MASTER PLAN TO INNOVATION
Strengthen our core

*Focus on top line growth & profitability improvement*

William J. «Bill» Lynn III  
*CEO of Leonardo DRS*  

Rome, 13 March 2020
Leonardo DRS – past performance an indicator of sustained success

- Predictable defence spending with emphasis on ‘near peer’ adversaries
  - 2020 Defence spending projects healthy 3% growth
  - Growth curve ‘flattens’ in 2021 & beyond but spending at historically high levels with bipartisan support
  - Emphasis of spending geared towards China and Russia
    - Creating urgent need for advanced capability – rewarding agile companies

- Leonardo DRS uniquely positioned to excel
  - Leonardo DRS revenue growth continues to outperform U.S. defence market – 3 straight years of 10+% organic revenue growth (2-3x market peers)
  - Recent success and organisational alignment driving continued sustained growth confidence
    - Foundational type programmes awarded driving visible hard and ‘soft’ backlog supporting sustained growth
    - Agile Mid-Tier Position enabling enhanced quick to market strategy supplementing growth potential
    - Strong product alignment with Army and Navy modernisation initiatives
      - Modernisation elements of DoD growing at higher rates than overall Defence Spending

- Profitability growth
  - Revenue growth & margin expansion driving current profit (EBITA) 19% higher than Prior Year
  - Continued margin expansion to compound projected revenue expansion
US Defence spending
DoD overview, priorities, and outlook

Geopolitical trends assure strong DoD spending
- Near peer threats require rapid fielding of capabilities in new domains
- Persistent threats from recent conflict zones require resources, modernisation, and new technological capability

DOD Topline Budget moderating, but stable
- Strong defence budget of 5% growth for 2017-2019
- Growth tempers to 3% in 2020
- FY2021 Budget and Beyond stable at current levels

Election year provides for some uncertainty
- Election uncertainties make it difficult to completely predict outcome
- Some Democratic candidates have hinted at defence budget cuts

FY2021 Budget supports national defence strategy
- Builds a ready, agile, all domain joint force, including space and cyber
- Modernises a more lethal force, and maximizes readiness

Defence spending moderates from 5% to 3% for FY2020, but stable over five year Plan
Leonardo DRS continuing to outperform US Defence market

**REVENUE TRENDS EXCEED US DEFENCE MARKET**

<table>
<thead>
<tr>
<th>Year</th>
<th>$ mln</th>
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<tbody>
<tr>
<td>2016</td>
<td>1,753</td>
</tr>
<tr>
<td>2017</td>
<td>1,947</td>
</tr>
<tr>
<td>2018</td>
<td>2,339</td>
</tr>
<tr>
<td>2019</td>
<td>2,729</td>
</tr>
</tbody>
</table>

- **15.9% CAGR**
- **11% Growth**
- **20% Growth**
- **17% Growth**

**LEONARDO DRS MULTI YEAR GROWTH TREND > 2X INDUSTRY AVERAGE**

**DRIVEN BY FAVORABLE MARKET POSITIONING AS A MID-TIER**

- **The benefit of US market consolidation**
  - The market continues to consolidate around us, creating new opportunities for increased market share in the core business areas where we operate
  - As a mid-tier, we have been able to out-perform larger defence companies that operate in broader areas of the defence market

- **Size & Agility**
  - Our management structure is **lean and less-layered**, affording competitive prices and agility in decision making
  - We have targeted **R&D into the fastest growing markets** related to our core competencies
  - A **platform agnostic approach** allows us to provide solutions to new platforms as well as modernisation upgrades to existing fleets

- **Alignment of strongest capabilities in the fastest growing areas of the defence budget**
  - Leonardo DRS will continue to out-perform the market by targeting investments in these fast growing areas of Army modernisation, Navy shipbuilding, Airborne & Communications
Defence Electronics & propulsion key modernisation priorities

**ARMY DEFENCE ELECTRONICS MODERNISATION PRIORITIES**

- **Ground Vehicle Sensors**: Advanced sensor technology will provide the warfighter with intelligent vehicles capable of performing under diverse environmental conditions anywhere in the world. 26.1% CAGR.
- **Soldier Lethality**: Soldier lethality will increase the capability of individual Soldier weapons, night vision, and increase their ability to quickly understand and react to emerging situations. 45.6% CAGR.
- **Electronic Warfare & Cyber**: Peer and near-peer competitors have developed effective EW systems that threaten the integrity of U.S. networks and communications. As a result, DoD is highly focused on fielding both offensive and defensive EW and cyber capabilities. 18.3% CAGR.

**Force Protection**: Near Peer Adversaries Requiring Investment in Keeping our Troops and Equipment Safe. 17.2% CAGR.

**Network Computing**: In the face of increasingly sophisticated jamming techniques, a key DoD priority is equipping personnel with hardened and resilient communications to maintain a sustained, tactical edge over adversaries. 6.1% CAGR.

**NAVY DEFENCE ELECTRONICS & PROPULSION MODERNISATION PRIORITIES**

- **Electrical Power Generation and Propulsion**: Modernisation of surface and submarine ship propulsion with electric power to provide the next generation of 'quiet ships'. 13.3% CAGR.

2019-2023 CAGR for contractor addressable spending shows above market growth in all six modernisation priorities where we are investing. Source: Rensassance Strategic Advisors.
**Alignment with Warfighter Needs Propelling Growth**

**SOLID BACKLOG SIGNALS**

**SUSTAINED GROWTH**

**2019 BACKLOG POSITION**

<table>
<thead>
<tr>
<th>$ bn</th>
<th>Soft Backlog</th>
<th>Total Backlog</th>
</tr>
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<tbody>
<tr>
<td>2.6</td>
<td>5</td>
<td>14.1</td>
</tr>
<tr>
<td>6.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Hard Backlog** 2.6 $bn
- **Unfunded Options** 5 $bn
- **High Confidence Sole-source** 6.5 $bn
- **Total Backlog** 14.1 $bn

<table>
<thead>
<tr>
<th>Source: DRS Management</th>
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<tbody>
<tr>
<td>*Programmes where PWIN is 90+% and DRS is the sole provider</td>
</tr>
</tbody>
</table>

**DRS AWARDS WITHIN DEFENCE ELECTRONICS & PROPULSION PRIORITIES**

- **Trophy Active Protection Systems**
- **IR countermeasures**
- **IMSHORAD / Counter-UAS**

*Over $600M of contracts awarded to date with $3,000M remaining in ‘Soft Backlog’*

- **Mounted Family of Computer Systems (MFOCS)**
- **On-Board Vehicle Power**
- **Maintenance Support Devise (MSD)**

*Delivered over 300,000 computer systems and displays world wide with over $1,000 mln in ‘Soft Backlog’*

- **Columbia Class Submarine**
- **CVN 80/81**

*Over $500 mln of contracts awarded to date with $2,000 mln remaining in ‘Soft Backlog’*

- **2nd and 3rd Generation FLIR Sensing**
- **Mobile Protected Firepower**

#1 Market Provider of Ground Vehicle Sensing

- **Future Weapon Sights**
- **Joint Effects Targeting System**
- **Enhanced Night Vision Goggles**

*Over $400 mln of contracts awarded to date with $1,000 mln remaining in ‘Soft Backlog’*

- **Classified Programmes**
- **Mounted & Dismounted**

World Leading Provider of Integrated Ground Mounted EW Solutions

~4x annual revenue in ‘Backlog’ aligned with defence spending priorities solidifying growth trends
Driving improving profitability

DOUBLE DIGIT EBITA GROWTH

- 17.3% CAGR since 2016 – driving increased shareholder return
- Increased EBITA margins drive improved free cash flow generation
  - Programme portfolio / required investments allow for above market conversion of EBITA into FOCF
- 4 Levers to Further Margin Enhancement

MARGIN EXPANSION

Leonardo DRS to deliver +10% EBITA Growth and 10+% operating margins during the Plan period
Key Takeaways

- **Optimistic outlook for sustained growth**
  - 2016-2019 multi year revenue and EBITA CAGR of 15.9% and 17.3% respectively confirm continued growth exceeding industry peers

- **Confident for sustained future growth over the Budget Plan period**
  - In a stable budget environment, Leonardo DRS is aligned with key market priorities
  - Lean cost structure and platform-agnostic offerings provide Leonardo DRS a competitive edge

- **Profit is growing, confident in future profitability expansion**
  - Revenue growth, programme life-cycle, efficiency efforts launched and selective pursuits all support continued margin expansion over the Plan period
  - Profit expansion will drive increased FOCF performance while maintaining our already above market FOCF conversion of EBITA

*Leonardo DRS positioned for continued success*
Strengthen the core

Customer satisfaction…our daily effort and ultimate goal

Gian Piero Cutillo

MD Helicopters

Rome, 13 March 2020
Customer satisfaction… our daily effort and ultimate goal
Helicopters Customer Centric approach enabling long term business sustainability

2019 IN A NUTSHELL…

- Strong position in the civil market, reinforced through Kopter acquisition
- Key achievements in military, also thanks to our dual use platforms
- Customer Support & Training significantly contributing to our top line

…CUSTOMERS REMAIN OUR PRIORITY

- We have outstanding products
- and enhanced Customer services
Solid offer to respond to global market trends
Further increasing Customer satisfaction and intimacy

GLOBAL MARKET TRENDS

- Efficient assets utilisation rather than renewals
- Helicopters and crew mission ready
- OEM business partners more than airframers
- More connected devices and data generated
- Safety is the must

OUR RESPONSE

SUCCESSFUL PRODUCT LINE

- Dual Use platforms for full spectrum of missions
- Family concept to optimise fleets
- Best value for money matching most stringent performance, mission capabilities and safety

EXCELLENT CUSTOMER SUPPORT OFFER

- Turn-key solutions for all applications
- State-of-the-art simulation technology for training offer
- Digital services and analytics, maximizing safety and Customer value co-creation
Comprehensive product portfolio aimed at matching all mission needs
Continuously capabilities improvements to satisfy the most demanding rotary wing requirements

Dual-use product portfolio

- AW119: 1,000+ deliveries to date, multirole market reference in its category
- AW169: successful in EMS, Parapublic, Private/Corporate and also Offshore
- Our Dual-use products are best value for money: recent success in US for MH139 and TH119 in less than 18 months

SH09: fulfilling state-of-the-art products value proposition

Mission versatile

MILITARY GOVERNMENT APPLICATION

Well recognised by the market
Our effective Customer centric approach... to an increasing fleet utilisation

We are a business partner, not only Original Equipment Manufacturers

CS&T MARKET OUTLOOK

5,000+ helicopters in fleet

1+ million flight hours logged in 2019

• +25% over last 4 years

~2 €B addressable market* in 2020

• ~4% 2020-30 CAGR Civil
• ~2% 2020-30 CAGR Military

CUSTOMER CENTRIC SUPPORT & TRAINING OFFER

FIRST CLASS PROCESSES

GLOBAL REACH

ADVANCED TRAINING SOLUTIONS

CS&T becomes paramount to enable Customer satisfaction and long term business sustainability

* Leonardo reference market for CS&T limited to fleet and excluding mid-life upgrades | Purely Directional
Worldwide presence to be close to our Customers
Our global network assures direct access to our support and training services everywhere

SUPPORT & SERVICES NETWORK

Our Service and Logistic Centres are spread in all continents, to match our Customers’ needs and their Fleets

TRAINING NETWORK

Capillary Training network: the right choice as confirmed by Customers’ Satisfaction
End-to-end support services thanks to streamlined processes

Well recognised by the market

WE ARE THE 1st HELICOPTERS MANUFACTURER IN PRODUCT SUPPORT, FOR THE 2nd YEAR IN A ROW

IMPROVING PERFORMANCE ACROSS ALL KEY INDICATORS

Our Vision is to be recognised as the World’s premier Flight Services & Training Solutions Partner in the Rotary Wing Industry, exceeding our Customer Expectations, providing Safe and Efficient Training and Technical Services

Source: 2019 and 2020 PRO PILOT HELICOPTER PRODUCT SUPPORT SURVEY
Full set of Training solutions: to maximize Customer value
Combining Advanced Simulation with Unparalleled Flexibility

TRAINING FOR THE WHOLE CREW...

1. Flight Training for air crew
2. Maintenance Training for ground crew
3. Operational Training ready for our Customers’ missions

... INTEGRATING LIVE AND VIRTUAL

- Distance Learning / Computer Based
- Classroom Training/ Practical Elements featuring cutting-edge Virtual Reality
- Top Level Simulation Fidelity
We boost the whole Customer value chain through digital services

**Training**
- AW TRAINING
  - Ensure personnel qualification and readiness
  - eLearning
  - Paperless
  - Predictive Training

- SKYFLIGHT
  - Flight planning
  - Engine power check
  - Electronic flight bag
  - Mission review

- HERMES
  - Continuous communication during a Mission
  - Secure messaging system

- HELIWISE
  - Monitor Helicopter health status
  - In flight real time data transmission
  - Predictive Maintenance
  - Radio-Frequency Identification

**Flight**
- HELILINK
  - Live joint troubleshooting
  - Investigation support and analysis from any mobile phone

**Messaging & Communication**
- CUSTOMER PORTAL
  - e-commerce
  - Relationship Management
  - Stock management

**Diagnostics & Maintenance**
- Web Support
Real-time diagnostics to increase Safety
Co-developed with our Customers

- Fast and clear alert **messaging system**
- **Reduced time** to clear the helicopter for next flight
- **Prompt analysis** during flight

Anticipate all maintenance decisions
Increase fleet availability
Improve Safety
On track for sustainable growth
Successful product + excellent Customer Service offer = long run business sustainability

- Customer Centric approach to meet Customers requirement to secure long term sustainability of the business
- Focused investments to improve our value proposition (products and services)
- Digital Services to streamline industrial processes and increase flight Safety
- Fully committed to execute our Industrial Plan
Transform to grow

Towards more efficient organisation

Norman Bone

MD Electronics

Rome, 13 March 2020
Agenda – Transform to Grow

1. The rationale – a reminder

2. The journey – so far

3. The Plan - update

4. The benefit
Key messages

- The global Defence Marketplace is evolving and consolidating
  - Political/Financial
  - Market
  - Industrial
  - Technology

- Electronics is one of our biggest Divisions, addressing the largest part of the A&D market

- Bringing Business Units together to make them stronger, through:
  - Internationalisation
  - Focus on performance
  - Product Development Synergies
  - Electronics is a Financial Performer

- Double Digit profitability one year ahead of Plan
  - CAGR in excess of market trend
  - Cash generation above Group average
  - Delivering long term sustainable growth

TODAY

- Our transformation journey so far
- Key elements to our strategy
Our strategy

OVERALL
• Integrate the division & set strategy for growth, ensuring delivery of performance and synergies
• “Empower” our people to increase our market share and improve our profitability

FINANCIAL GOALS
• Grow the division at above the market CAGR
• Reposition the division in the global marketplace
• Be leaders in Internationalisation, in the Electronics business segment
• Focus on winning long term sustainable business by delivering on existing programmes
• Develop partnership approach
• Maintain/Improve double digit profitability
• Maintain/Improve cash generation

PRODUCTS & MARKET OFFERINGS
• Create a coherent portfolio of products & services matched to the market needs
• Invest against robust business cases which deliver growth and efficiency

INTERNAL FOCUS
• Focus on using best practice to drive efficiencies and control costs to deliver bottom line results
• Develop a distinctive culture across business units, geographies and professional communities, to drive business performance through behaviour
Order Intake World Map 2020

**TOP 3 REGIONS**

1. EUROPE 11.8%
2. MIDDLE EAST 11.7%
3. USA – CANADA 4.9%

*NOTE: Before COVID-19 Outbreak*
Focusing on Performance…

1st February 2019 Leonardo creates a new Electronics division as shown below, which brings together the former:

- Airborne and Space Systems division
- Land and Naval Defence Electronics division
- Defence Systems division
- Automation Systems and Traffic Control Systems Lines of Business (both formerly under Security and Information Systems Division)

Automation managed separately

- Long term strategic direction
- Execution issues to be addressed

Vitrociset added to perimeter

Addressed historical inconsistencies

- I.e. air traffic control

Created the right structure to enhance commercial performance
How we are transforming our business…

- Fully focused on people, delivery and execution
- Organised for partnerships
- Coherent market offerings
- Become more international
- Change the culture
- Promulgate best practice
- Drive efficiencies
- Address the cost base

Fully focused on people, delivery and execution
Our path to double digit profitability…

2019 EBITA – ROS (%)

DEFENCE SYSTEMS

Airborne & Space Systems (Italy)

Electronics (UK)

Overall Division

TARGET

SIZE = REVENUES

Consistency of delivery to underpin the Industrial Plan
The Future - Tempest

- Building from the Inside Out

- In July 2018 the UK Government launched its Combat Air Strategy, delivering an ambitious vision for the future. The strategy confirmed the UK’s intent to remain at the cutting edge of combat air systems development in order to meet the UK’s National Security Objectives - to best protect its people, project influence and promote prosperity.

- This commitment includes working alongside international partners to develop and deliver the best possible capability.

- The inclusion of Italy in the programme marks the third partner nation, following Sweden in July 2019.

- The project is on schedule for key decision gate at the end of 2020 to confirm the class of Capability, Partnering Approach, Cost and Delivery Schedule.
Key messages

• The global Defence Marketplace is evolving and consolidating

• Electronics is one of our biggest Divisions, addressing the largest part of the A&D market

• Bringing Business Units together to make them stronger, through:
  - Internationalisation
  - Focus on performance
  - Product Development Synergies
  - Electronics is a Financial Performer

• Double Digit profitability one year ahead of Plan
  - CAGR in excess of market trend
  - Cash generation above Group average
  - Delivering long term sustainable growth
Transform to grow

*From product seller to solution provider*

Lucio Valerio Cioffi

*MD Aircraft*

Rome, 13 March 2020
Confirming strong growth, profitability and cash generation

- Comprehensive product range already in the market providing solid and profitable base

<table>
<thead>
<tr>
<th>STRONG BACKLOG</th>
<th>REVENUES</th>
<th>PROFITABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>€10+bn</td>
<td>€2.3bn</td>
<td>&gt;10%</td>
</tr>
<tr>
<td></td>
<td>+20%YoY</td>
<td>SOLIDLY</td>
</tr>
<tr>
<td></td>
<td>CAGR (2018-2023)</td>
<td></td>
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</tbody>
</table>

- Clear strategy to transform the business and ensure long term value

NOTE: Before COVID-19 Outbreak

……Strongly, sustainable growing revenues and solid double digit profitability
Strong and comprehensive product range…

<table>
<thead>
<tr>
<th>International Collaborations (Fighters)</th>
<th>Trainers</th>
<th>Tactical transport &amp; Special missions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROFIGHTER</td>
<td>M-346 AJT</td>
<td>C-27J</td>
</tr>
<tr>
<td>• 550+ aircraft flying</td>
<td>• Best in class Advanced Trainer</td>
<td>• Tactical Transport …..and</td>
</tr>
<tr>
<td>• 580,000 hours achieved</td>
<td>• Established and Proven…</td>
<td>• Multi-use capabilities</td>
</tr>
<tr>
<td>• Efa Kuwait Program</td>
<td>• Opportunities in Light Fighter</td>
<td>• Avionics upgrade</td>
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<tr>
<td>JSF F-35</td>
<td>M-345 HET (2020)</td>
<td>ATR Special Missions</td>
</tr>
<tr>
<td>• Production strong ramp-up</td>
<td>• The best basic trainer</td>
<td>• Reliable and affordable</td>
</tr>
<tr>
<td>• …..Additional opportunities</td>
<td>• Cheaper … easier to maintain</td>
<td>• Suited to Maritime Patrol</td>
</tr>
<tr>
<td>• MR&amp;O Start-Up</td>
<td>• First delivery in 2020</td>
<td>• Leonardo Mission systems</td>
</tr>
</tbody>
</table>

CUSTOMER SUPPORT, SERVICES AND TRAINING

...leveraging our current portfolio maintaining our leadership and exploiting future opportunities
How we are transforming to grow – International Collaborations
Solid, competitive and profitable in a long term growing market

EUROPEAN DEFENCE REQUIREMENT

- Networked Information
- Air platform resiliency, flexibility and affordability
- Interoperability and
- Manned-Unmanned Teaming
- Systems of systems
- Upgradable

OPPORTUNITIES TO LEVERAGE OUR PLATFORM

- Eurofighter Long Term Evolution
- EUROMALE 2025
- European Tempest

…Strictly linked to our world class training solutions
How we are transforming to grow – delivering training solutions
Leader in a growing market thanks to our ability to deliver training solutions for next generation pilots worldwide

OPPORTUNITIES TO BUILD OUR LEADERSHIP POSITION

• Cost-effective training solutions
• Covering the whole syllabus
• Operational capability to further enhance commercial offer
• Opening new markets
• Upgradable capabilities to evolve with customer needs worldwide

...Leveraging our leadership to strengthen competencies and exploit future cutting-edge technologies
Strong Outlook

- We have **strongly delivered in 2019**

- We have **best-in-class solutions** already in the market

- We can **exploit European and worldwide opportunities in a growing market** (i.e. International Cooperations and Integrated Training Systems)

- We are exploiting **new disruptive technologies** to remain competitive

- We are **well placed** in the short term and the longer term

...All aimed at long term sustainable growth
Master the new Leonardo’s future approach to Innovation

Roberto Cingolani  Chief Technology & Innovation Officer

London, 13 March 2020
Summary

• Summary and short bio of the speaker

• Role of the Chief Technology & Innovation Officer and Benchmark

• Leonardo 2030 Masterplan: threefold strategy

• Leonardo 2030 Masterplan: key actions

• Conclusions

About the speaker: Roberto Cingolani, born Dec. 1961. Degree in Physics, Two PhD
Scientific Background: Physics, Nanotechnology, Materials Science, Robotics & A
Scientific activities: Academic and Industrial research activities in Italy, Germany, USA and Japan
Managerial Expertise: 2006 2019, CEO and CTO of the Italian Institute of Technology (about 1800 researchers from 60 countries, >800 international patents, > 20 start up, around 130 Meu yearly budget)
Personal track record: >1000 scientific publications, > 120 international patents, H index =92, >33000 citations (source Google Scholar)
ROLE OF THE CTIO

The role of the CTIO is to improve the governance of the engineering and to inject innovation at different levels, from "gradual" optimisation to “game changing” technologies, contributing to a challenging and “sustainable Leonardo 2030” vision.

BENCHMARK

Based on the international benchmark of the Aerospace & Defence sector (A&D) the following conclusions are drawn:

- Reinforce corporate innovation and low TRL R&D
- Long term Research, Technology and Innovation masterplan 2020-2030
- Slight effort to reach the standard IRAD investment level of the A&D sector (around 5% of total revenues)
- Long term sustainability masterplan (2020-2030) addressing the UN Sustainability Agenda and the New European Green Deal
Leonardo 2030 Masterplan: threefold strategy

1. **ENSURE DEVELOPMENT OF CURRENT KNOWHOW/PRODUCTS THROUGH**
   1. The assessment and reorganisation of the network of outsourced R&D actions
   2. The reinforcement of the Intellectual Property (IP) strategy (corporate IP office)
   3. The choice/development of enabling technologies needed to keep current Leonardo products competitive
   4. The acceleration of the digitalisation of products engineering

2. **ENSURE INNOVATION TO ENVISAGE FUTURE PRODUCTS AND COMPETITIVE MARKETS**
   1. Identify high-risk / high-return R&D interdivisional programmes to be developed at corporate level to accelerate innovation in the next decade
   2. Create the Leonardo Labs: a corporate research infrastructure dedicated to innovation and to the R&D interdivisional programmes for future markets

3. **DEVELOP A SUSTAINABILITY MASTERPLAN MAKING LEONARDO READY TO THE FUTURE GLOBAL SUSTAINABILITY CHALLENGES**
   1. 10 UN sustainability goals targeted by 2030 (> 70 targets)
   2. All targets of the New European Green Deal targeted
Leonardo 2030 Masterplan: the key actions →

<table>
<thead>
<tr>
<th></th>
<th>Aero</th>
<th>Helicopters</th>
<th>UMS</th>
<th>Electronics</th>
<th>Space</th>
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<td>✔</td>
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</tbody>
</table>
Leonardo 2030 Masterplan: the key actions

A LARGE SCALE INFRASTRUCTURE FOR HIGH PERFORMANCE COMPUTING AND BIG DATA ANALYTICS

- The frontier of the *in-silicon* design: faster, cheaper, more efficient
- The journey towards the Digital Twin
- Satellite services: geo-observation, image analysis (better services and better products)
- Artificial intelligence and Internet of Things
- Cyber secure technologies
- Predictive Maintenance: real time analysis of data transmitted by flying systems (new services and products)
- Simulation and training systems, Augmented reality and virtual environments for multiple applications

Enhance Computational power for advanced simulations aimed to product design, development, certification and maintenance

Enhance data storage and analysis for big data applications

Develop digital technologies for product engineering

Improve Customer Service and Predictive maintenance

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Leonardo 2030 Masterplan: the key actions → INTELLIGENT AUTONOMOUS SYSTEMS

The embodiment of A.I. to obtain smart unmanned systems capable of «deciding and actuating», based on the unique integration of different Technology Platforms:

1. A.I., Deep learning and Machine Learning → Big Data & High Performance Computing
2. Sensing network → New sensors and sensing technologies (i.e. Quantum)
3. Fast wireless transmission protocols (i.e. 5G) → i.e. 5G
4. Actuators and Bodies → new robotics for sea, land, air, space
5. Power sources → Batteries, Supercapacitors, Fuel Cells
• Internet of Things (€ 210 bn in 2022)

• Industry 4.0 (€ 40 bn investment till 2020)

• Autonomous cars (> € 50 bn investment till 2020)

• Space Robotic Market (€ 3.5 bn in 2025)

• Flying, Land, Submarine drone market $ 140 bn nel 2020

THE SPACE COMPANY
• Space X (Elon Musk)
• Blue Origin (Jeff Bezos)
• ISpace
• Intuitive Robotics
• Astrobotic
• Oceaneering International
• Maxar Technologies
• Northrop Grumman
• Motiv Space Systems
• Altius Space Machines
Leonardo 2030 Masterplan: the key actions

**FUTURE TRENDS**
- Reduce Carbonisation
- Increase short range regional transport
- Develop urban mobility vehicles for 3D traffic
- Devolp Swarm A.I.
- Develop controls
- Develop hybrid, electric and new generation propulsion systems
- Develop distributed propulsion
The Norway case study: >70 airports and > 40 heliports. Average distance 150 km. Typical aircraft size: 10 to 40 seats

Complete decarbonisation to be achieved by 2030
Leonardo 2030 Masterplan: the key actions

- Turin: Electric Mob, HPC
- Genoa: HPC, A.I., Quantum/Cyber
- Florence: Quantum/Cyber
- Naples: Materials, A.I.
- Rome: A.I., Quantum/Cyber
- Cascina Costa / Milan: Electric Mob, HPC

A network of corporate labs, to develop the interdivisional programmes, established close to the production sites, hosting > 200 young researchers recruited by international calls.

The organisation of the network of labs is provisional. Work will be finalised during 2020.
Delivering on promises

*Long term targets*

Alessandro Profumo  
*Chief Executive Officer*

---

Rome, 13 March 2020
Doing what we said we would do, embracing new challenges ahead

**2018-2019 ACHIEVEMENTS**

- **ORDERS**
  - Cumulated ca. € 30 bn above Plan
- **REVENUES**
  - 8% CAGR above Plan
- **EBITA**
  - 8% CAGR as planned
- **FOCF**
  - Cumulated ca. € 580 mln above Plan
- **CASH FLOW CONVERSION**
  - 31% on average

**2020-2024 TARGETS***

- **ORDERS**
  - Cumulated ca. € 80 bn
    - (€ 10 bn > than € 70 bn in 2018-2022 Plan)
- **REVENUES**
  - 4% CAGR
    - confirming 5-6% growth in 2017-2024
- **EBITA**
  - confirming 8% CAGR
    - RoS growing and steadily at double digit w/o pass-through
- **FOCF**
  - STEP UP in 2020 and growing further
- **CASH FLOW CONVERSION**
  - > 60% on average
  - > 70% by 2023-2024

*Before COVID-19 Outbreak
Delivering on promises

FY2019 Results & Outlook

Alessandra Genco  Chief Financial Officer

Rome, 13 March 2020
In 2018 we presented a Plan setting the business up to win – our journey so far

Planting the seeds for growth...

- We entered a new phase aimed at long term sustainable profitable growth

- A lot was achieved in recent years: we have delivered on promises

- We continue to be fully focused on execution
FY 2019 highlights
Met or beat 2019 targets on all metrics

- Executed on our Industrial Plan
- Delivered on

**COMMERCIAL STRATEGY**
- Orders €14.1 bn (vs. €12.5 - 13.5 bn Guidance)
- Revenues €13.8 bn (vs. €12.5 - 13.0 bn Guidance)

**OPERATING PERFORMANCE**
- EBITA €1,251 mln (vs. €1,175 - 1,225 mln Guidance)
- RoS 9.1%
- Net Result €822 mln

**CASH GENERATION AND FINANCIAL STRATEGY**
- FOCF €241 mln (vs. ca. €200 mln Guidance)
- Group Net Debt* €2.8 bn (in line with Guidance)

- 2020 Guidance reflects continuous progress towards Industrial Plan targets

*Including IFRS16 effect
Order Intake
Continuous strong commercial momentum across the Group

Driven by military (NH90 Spain, AW101 Poland and AW139 Italy MoD) and CS&T

Solid contribution from Electronics and Leonardo DRS

Driven by Aircraft (F-35, M345, M346 FA and C-27J) and Aerostructures (B787 and ATR)

€ mln

-25.2% YoY
+2.9% YoY
+8.5% YoY
-6.7% YoY

15,124
2,788
7,022
14,105
(355)

excluding NH90 Qatar contract in 2018

34%
35%
31%
34%

ORDER BACKLOG
FY2019 € 36.5 bn

Helicopters
Defence Electronics & Security
Aeronautics

ca. € 170 mln positive forex

c. € 3 bn NH90 Qatar

ca. € 170 mln positive forex

ca. € 3 bn NH90 Qatar

ca. € 3 bn NH90 Qatar

ca. € 3 bn NH90 Qatar
Revenues

Strong growth across the Group

- CS&T and military/governmental offsetting lower civil: +5.6% YoY
- Driven by Leonardo DRS. Positive USD/€ effect: +12.6% YoY
- Higher EFA Kuwait, B787 and A220 production rates: +17.1% YoY
- Eliminations & Other: +12.6% YoY

€ mln

12,240
4,025
6,701
3,390
(332)
13,784

ca. € 160 mln positive forex

FY2018A
Helicopters
Defence Electronics & Security
Aeronautics
Eliminations & Other
FY2019A
EBITA and Profitability
Higher performance across all businesses, with lower contribution from Space Manufacturing and ATR

<table>
<thead>
<tr>
<th>€ mln</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018A</td>
<td></td>
</tr>
<tr>
<td>Helicopters</td>
<td>431 (RoS 10.7%)</td>
</tr>
<tr>
<td>Defence Electronics &amp; Security</td>
<td>613 (RoS 9.2%)</td>
</tr>
<tr>
<td>Aeronautics</td>
<td>362 (RoS 10.7%)</td>
</tr>
<tr>
<td>Space</td>
<td>39</td>
</tr>
<tr>
<td>Corporate &amp; Other</td>
<td>(194)</td>
</tr>
<tr>
<td>FY2019A</td>
<td>1,251 (RoS 9.1%)</td>
</tr>
</tbody>
</table>

c. € 15 mln positive forex

Volumes and mix driven by military, CS&T and UK pension scheme
Higher volumes in Europe and US
Aircraft and Aerostructures more than offsetting ATR
Lower Manufacturing partially offset by Services
Corporate Costs and centralised activities as backbone for growth
From EBITA to Net Result
Below the line benefitting from lower restructuring costs and PPA

FY 2018

<table>
<thead>
<tr>
<th>EBITA</th>
<th>Restr. costs</th>
<th>PPA</th>
<th>Underlying Ordinary EBIT</th>
<th>Net financial expenses</th>
<th>Income taxes</th>
<th>Results of discontinued operations</th>
<th>Net Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,120</td>
<td>(137)</td>
<td>(98)</td>
<td>885</td>
<td>(170)</td>
<td>(230)</td>
<td>89</td>
<td>510</td>
</tr>
</tbody>
</table>

FY 2019

<table>
<thead>
<tr>
<th>EBITA</th>
<th>Restructuring and non recurring costs</th>
<th>PPA</th>
<th>EBIT</th>
<th>Net financial expenses</th>
<th>Income taxes</th>
<th>Results of discontinued operations</th>
<th>Net Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,251</td>
<td>(71)</td>
<td>(27)</td>
<td>1,153</td>
<td>(284)</td>
<td>(147)</td>
<td>100</td>
<td>822</td>
</tr>
</tbody>
</table>

+11.7% YoY
+61.3% YoY

• EBIT up 61.3%, driven by lower restructuring and PPA
• Net financial expenses include € 20 mln of buy back costs
• Net Result benefitting from the release of risk provision set against guarantees given upon disposal of AnsaldoBreda transportation business (2Q19)
Investments as foundation for future sustainable growth

- **Innovative products and solutions**
  - ATR 42-600 Short Take off and Landing (STOL)
  - Falco Xplorer
  - New single engine development SH09 post Kopter acquisition*

- **Addressing customers requirements**
  - AESA applications radars for naval and airborne
  - Cyber resilient products and systems

- **Leading player in European and International cooperation programmes**
  - Tempest
  - AWHERO and C&C Naval Systems for OCEAN 2020

- **Building cross-divisional capabilities to “empower” our products**
  - Simulation, big data analytics

*Closing expected in 1H2020
On track to deliver material step up in FOCF

2018 – 2019
AHEAD OF PLAN

2020 ONWARD
STRONG UNDERLYING IMPROVEMENT WITH CLEAR DRIVERS

- Operating profit growth
- Cash profile of EFA Kuwait
- Working Capital management through Industrial process optimisation, counterbalancing unwinding of customer advances
- Gradual progress in Aerostructures

Note: Projections before COVID-19 outbreak
Delivering more than promised: further strengthening our capital structure

REDUCING GROSS DEBT

2017 – 2019

- Reduced by ca. 20%, in line with target
  - Only ca. 65% of expiring debt\(^{(2)}\) refinanced

2020 – 2022

- Reduce by 15/20%
  - Plan to refinance only 50/60% of expiring debt

Note: Projections before COVID-19 outbreak

\(\text{Pro forma for } €100\text{mil CDP loan}\)

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\(\text{(1)}\) Including Bonds, Term Loan, EIB and CDP loans
\(\text{(2)}\) Including US Bonds tendered in 2017 and 2019
\(\text{(3)}\) Pro forma for €100mil CDP loan
Significantly lower Cost of Funding, beating targets

LOWERING COST OF FUNDING

2017 – 2019

• Reduced by ca. 35%, vs. 25/30% target

• Exploit different funding sources available in the market

2018

2019

2020 – 2022

Reduce further by 15/20%
• Leveraging Leonardo’s solid credit and favorable market conditions

2016 5.4%

Old Target 3.6%

2019(1) 3.5%

2020 ≤ 3.0%

2021

2022

DIVERSIFICATION

• Exploit different funding sources available in the market

2019 DEBT BREAKDOWN(1)

- 16%
- 72%
- 12%

- Bonds
- EIB Loans
- Other Loans(1)

Note: Projections before COVID-19 outbreak

(1) Pro forma for €100mil CDP Loan.
### 2020 Guidance before Covid-19 impact

Despite the challenges in making forecasts in the current situation due to the COVID-19 emergency, Leonardo believes it is appropriate to provide Guidance in a continuity scenario, without including COVID-19 impacts.

<table>
<thead>
<tr>
<th></th>
<th>FY2019A</th>
<th>FY2020 Guidance</th>
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</thead>
<tbody>
<tr>
<td>New Orders (€ bn)</td>
<td>14.105</td>
<td>ca. 14</td>
</tr>
<tr>
<td>Revenues (€ bn)</td>
<td>13.784</td>
<td>14.0 – 14.5</td>
</tr>
<tr>
<td>EBITA (€ mln)</td>
<td>1,251</td>
<td>1,325 – 1,375</td>
</tr>
<tr>
<td>FOCF (€ mln)</td>
<td>241</td>
<td>400 – 450</td>
</tr>
<tr>
<td>Group Net Debt (€ bn)</td>
<td>2.8*</td>
<td>2.8**</td>
</tr>
</tbody>
</table>

*Including IFRS 16 effect of ca. € 0.5 bn
**Including € 0.1 bn higher IFRS16 effect, Kopter acquisition (ca. € 0.2 bn) and assuming dividend payment

**2020 exchange rate assumptions:** € / USD = 1.15 and € / GBP = 0.88
Covid-19 impact

- Leonardo acknowledges that COVID-19 will likely impact on the ordinary business
- This is despite mitigating actions promptly put in place and aimed at preserving business and production continuity and fully ensuring health and safety of our employees
- Areas likely to be impacted are:
  - commercial campaigns
  - continuity of supply chain
  - production times / flows
  - timing of acceptance processes of products/activities by customers
- As the situation keeps evolving, we cannot yet reliably quantify the impact on our 2020 performance
- We will update the market as soon as an assessment of the possible impact, including recovery actions, is available
- These short-term challenges do not change the Group's solid medium-long term fundamentals
  - strong backlog of over € 36 billion
  - long term attractiveness and relative resilience of our key markets
  - leading products and market positions across businesses, leveraging an international presence
Key takeaway messages

Alessandro Profumo  
*Chief Executive Officer*

Rome, 13 March 2020
Setting the business up to succeed in the long term

• Clear view on our future

• Fully committed to delivering as a Team

• Full support from our institutional stakeholders

• Delivering on our promises
Q&A
SECTOR RESULTS
Helicopters
Well positioned to capture market opportunities

<table>
<thead>
<tr>
<th></th>
<th>4Q 2018</th>
<th>4Q 2019</th>
<th>% Change</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>Orders</td>
<td>1,523</td>
<td>2,407</td>
<td>+58.0%</td>
<td>6,208</td>
<td>4,641</td>
<td>-25.2%</td>
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<tr>
<td>Revenues</td>
<td>1,154</td>
<td>1,289</td>
<td>+11.7%</td>
<td>3,810</td>
<td>4,025</td>
<td>+5.6%</td>
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<tr>
<td>EBITA</td>
<td>142</td>
<td>161</td>
<td>+13.4%</td>
<td>359</td>
<td>431</td>
<td>+20.0%</td>
</tr>
<tr>
<td>RoS</td>
<td>4.9%</td>
<td>12.5%</td>
<td>+7.6 p.p.</td>
<td>9.4%</td>
<td>10.7%</td>
<td>+1.3 p.p.</td>
</tr>
</tbody>
</table>

2020 OUTLOOK*

- Growth driven by delivering on the Backlog, quality of product portfolio and strong position in most attractive market segments
- Profitability solidly at double digit

*Before COVID-19 impact
Helicopters

DELIVERIES BY PROGRAMME

FY2019 = 156 new units

FY2018 = 177 new units

REVENUES BY CUSTOMER/SEGMENT

FY2019

FY2018

Civil  Military/Governamental  OE  CS&T/Other

68%  32%  63%  37%

61%  39%  64%  36%
# Defence Electronics & Security

Growing Revenues and Profitability

## ELECTRONICS - EU

<table>
<thead>
<tr>
<th></th>
<th>4Q 2018</th>
<th>4Q 2019</th>
<th>% Change</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>2,448</td>
<td>1,780</td>
<td>-27.3%</td>
<td>4,408</td>
<td>4,444</td>
<td>+0.8%</td>
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<tr>
<td>Revenues</td>
<td>1,408</td>
<td>1,551</td>
<td>+10.2%</td>
<td>4,010</td>
<td>4,289</td>
<td>+6.0%</td>
</tr>
<tr>
<td>EBITA</td>
<td>176</td>
<td>190</td>
<td>+8.0%</td>
<td>394</td>
<td>427</td>
<td>+8.3%</td>
</tr>
<tr>
<td>RoS</td>
<td>12.5%</td>
<td>12.4%</td>
<td>-0.1 p.p.</td>
<td>9.8%</td>
<td>10.0%</td>
<td>+0.2 p.p.</td>
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## LEONARDO DRS

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<tr>
<th></th>
<th>4Q 2018</th>
<th>4Q 2019</th>
<th>% Change</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>929</td>
<td>670</td>
<td>-27.9%</td>
<td>2,879</td>
<td>2,923</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Revenues</td>
<td>798</td>
<td>913</td>
<td>+14.4%</td>
<td>2,339</td>
<td>2,729</td>
<td>+16.7%</td>
</tr>
<tr>
<td>EBITA</td>
<td>67</td>
<td>92</td>
<td>+37.3%</td>
<td>151</td>
<td>208</td>
<td>+37.8%</td>
</tr>
<tr>
<td>RoS</td>
<td>8.4%</td>
<td>10.1%</td>
<td>+1.2 p.p.</td>
<td>6.5%</td>
<td>7.6%</td>
<td>+1.1 p.p.</td>
</tr>
</tbody>
</table>

*Average exchange rate €/$ @ 1.11950 in FY2019
*Average exchange rate €/$ @ 1.18100 in FY2018

## 2020 OUTLOOK*

- Slight growth in revenues
- Profitability improvement despite pass-through and programmes under development
- Leonardo DRS to continue to grow top line and profitability
- Leonardo DRS Soft Backlog accounting for > 4x current Backlog (ca. $3 bn)

*Before COVID-19 impact
Aeronautics

**Solid Aircraft performance**

<table>
<thead>
<tr>
<th></th>
<th>4Q 2018</th>
<th>4Q 2019</th>
<th>% Change</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>1,149</td>
<td>776</td>
<td>-32.5%</td>
<td>2,569</td>
<td>2,788</td>
<td>+8.5%</td>
</tr>
<tr>
<td>Revenues</td>
<td>871</td>
<td>1,086</td>
<td>+24.7%</td>
<td>2,896</td>
<td>3,390</td>
<td>+17.3%</td>
</tr>
<tr>
<td>EBITA</td>
<td>161</td>
<td>197</td>
<td>+22.3%</td>
<td>328</td>
<td>362</td>
<td>+10.3%</td>
</tr>
<tr>
<td>RoS</td>
<td>12.6%</td>
<td>18.1%</td>
<td>+5.5 p.p.</td>
<td>11.3%</td>
<td>10.7%</td>
<td>-0.6 p.p.</td>
</tr>
</tbody>
</table>

**2020 OUTLOOK**

- Higher revenues compared to 2019
  - Aircraft production increase (EFA Kuwait)
- Gradual recovery in Aerostructures
- ATR poised to confirm its market leadership position

*Before COVID-19 impact*
Space
Pressure on Manufacturing

2020 OUTLOOK*

- 2019 downsizing in Manufacturing affecting 2020
- Revenues in line with 2019
- Profitability expected to increase supported by gradual recovery of Manufacturing and satellite services improvement

*Before COVID-19 impact

€ mln

4Q 2018 | 4Q 2019 | % Change
--- | --- | ---
27 | 16 | -40.7%

FY 2018 | FY 2019 | % Change
--- | --- | ---
58 | 39 | -32.8%
APPENDIX
### 4Q/FY 2019 Results

#### Group Performance

<table>
<thead>
<tr>
<th></th>
<th>4Q 2018</th>
<th>4Q 2019</th>
<th>% Change</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Orders (€ mln)</td>
<td>5,734</td>
<td>5,526</td>
<td>-3.6%</td>
<td>15,124</td>
<td>14,105</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Backlog</td>
<td></td>
<td></td>
<td></td>
<td>36,118</td>
<td>36,513</td>
<td>+1.1%</td>
</tr>
<tr>
<td>Revenues</td>
<td>4,000</td>
<td>4,650</td>
<td>+16.3%</td>
<td>12,240</td>
<td>13,784</td>
<td>+12.6%</td>
</tr>
<tr>
<td>EBITA</td>
<td>488</td>
<td>565</td>
<td>+15.8%</td>
<td>1,120</td>
<td>1,251</td>
<td>+11.7%</td>
</tr>
</tbody>
</table>
| RoS                   | 12.2%   | 12.2%   | +0.0 p.p.| 9.2%    | 9.1%    | -0.1 p.p.
| EBIT                  | 343     | 505     | +47.2%   | 715     | 1,153   | +61.3%   |
| EBIT Margin           | 8.6%    | 10.9%   | +2.3 p.p.| 5.8%    | 8.4%    | +2.6 p.p.|
| Net result before extraordinary transactions | 257 | 355 | +38.1% | 421 | 722 | +71.5% |
| Net result | 247 | 357 | +44.5% | 510 | 822 | +61.2% |
| EPS (€ cents)         | 0.427   | 0.613   | +43.6%   | 0.888   | 1.422   | +60.2%   |
| FOCF                  | 1,136   | 1,458   | +28.3%   | 336     | 241     | -28.3%   |
| Group Net Debt        |         |         |          | 2,351   | 2,847   | +21.1%   |
| Headcount             |         |         |          | 46,462  | 49,530  | +6.6%    |

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.
As promised, we refinanced only ≈ 65% of expiring debt\(^{(1)}\)

Debt Outstanding in 2016:  
\[\approx \text{€4,6bn}\]

Debt Reimbursed in 2017-2019:  
\[\approx \text{€2,3bn}^{(2)}\]

Debt Issued in 2017-2019:  
\[\approx \text{€1,5bn}^{(3)}\]

Debt Outstanding in 2019:  
\[\approx \text{€3,7bn}\]

€ mln

\(^{(1)}\) Including US Bonds tendered in 2017 and 2019

\(^{(2)}\) Including forex impact

\(^{(3)}\) Pro forma for €100mil CDP Loan

Note: Projections before COVID-19 outbreak
We reduced debt, while growing through M&A and remunerating shareholders

CAPITAL DEPLOYMENT

CASH FLOW GENERATED IN 2017-2019

€ 1.1 bn

PORTION OF CASH IN HANDS @2016YE

€ 0.3 bn

Cash Flow generation and available cash

aimed at

Gross Debt reduction

and

M&A(1)

while distributing

Dividends to Shareholders

€ 0.8 bn

€ 0.4 bn

€ 0.2 bn

(1) It includes Avio, Daylight Solutions, Vitrociset and pro forma for Kopter

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Solid Financial Position as end of December 2019

**DEBT MATURITY**
Average life: ≈ 4.7 years (1)

Repayment Conditions of New Debt Instruments

The Cassa Depositi e Prestiti (CDP) financing is characterised by a 6 year bullet repayment

**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+ / Positive Outlook</td>
<td>BB+ / Stable Outlook</td>
<td>December 2019</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)

Note: Projections before COVID-19 outbreak

(1) Pro forma for CDP financing arranged in 2019 and signed in January 2020
Availability of adequate committed liquidity lines as end of December 2019

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

- 31 December cash balance of approx. € 2.0 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 € 3.4 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 31/12/2019
(2) Average. Expected to be renewed at maturity
## Development costs capitalised as intangible assets as at 31 December 2019

<table>
<thead>
<tr>
<th></th>
<th>Self Funded National Security</th>
<th>Self Funded Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01 January 2019 Opening Balance</strong></td>
<td>1,760</td>
<td>476</td>
<td>2,236</td>
</tr>
<tr>
<td>Gross R&amp;D capitalised</td>
<td>204</td>
<td>66</td>
<td>270</td>
</tr>
<tr>
<td>Depreciation and write offs</td>
<td>-102</td>
<td>-32</td>
<td>-134</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>Other Changes (*)</td>
<td>-57</td>
<td>-5</td>
<td>-62</td>
</tr>
<tr>
<td><strong>Net R&amp;D capitalised</strong></td>
<td><strong>45</strong></td>
<td><strong>27</strong></td>
<td><strong>72</strong></td>
</tr>
<tr>
<td><strong>31 December 2019</strong></td>
<td>1,805</td>
<td>503</td>
<td>2,308</td>
</tr>
</tbody>
</table>

(*) Movements w/o cash and PL effects
Current estimations on Helicopter market

**CIVIL REFERENCE MARKET**

Market value of new western-built* helicopters ($bn)

- **Average 2015-2019A**
  - $3.4bn
- **Average 2020-2024F**
  - ~$3.5bn

**GLOBAL MILITARY MARKET**

Total market value ($bn)

- **Average 2015-2019A**
  - $14.2bn
- **Average 2020-2024F**
  - ~$15bn

**GLOBAL CS&T MARKET**

Total market value ($bn)

- **Average 2015-2019A**
  - $19bn
- **Average 2020-2024F**
  - ~$20.0bn

- **Slight decrease** of the civil demand in 2019
- **Civil market flat demand** in 2020-2021, expected to grow again from 2022

- **Opportunistic market**, with slight growth in the next five years
- **Expected increasing importance of military variant of dual use helicopters**, especially for multirole segment
- **Leonardo addressable market is around ~40%**

**Source:** Leonardo Helicopters Internal analysis (based on deliveries evaluated at standard prices, Economic Conditions 2019)

*Eastern-built helicopters (Russian H., Avicopter, HAL and KAI) excluded
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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