Leonardo Group Lunch – Mediobanca

Gian Piero Cutillo – MD Helicopters

Investor Relations and Credit Rating Agencies

Milan, 6 February 2020
Agenda

> Focus on Helicopters
> Leonardo results and outlook
> Appendix
Kopter acquisition extending market leadership leveraging SH09 helicopter

STRATEGIC RATIONALE

- Strengthen positioning in the light single engine segment (>1.8 tonne)
- Leverage innovation, new capabilities and engineering skills
- Exploit a cost/effective and versatile platform

KEY DATA

- Purchase price (cash and debt free) 185 M$ plus earn out
- To replace planned investments for new single engine helicopter
- Closing expected Q1 2020

PRODUCT KEY SUCCESS FACTORS

- Brand new single engine helicopter
- Latest technologies and Safety features
- High performance at affordable cost for a variety of applications
- Suitable for future developments incl. hybrid/electrical options
SH09 perfect fit for our state of the art product range…

…offering opportunities for future technological developments and cross-fertilization
Increasing position in the US domestic market

- **Two key orders** from US DoD in the last 18 months
  - TH-119 for US Navy, Leonardo Prime Contractor for the first time
    (130 helicopters + support equipment for ~$650 M)
  - MH-139 for US Air Force
    (84 helicopters + training & support for ~$1.4 B)

- **Our US fleet doubled in 10 years**

- **~250 M€ revenues from US customers** in 2018

- Built and delivered the **300th AW139** from our **Philadelphia** facility
On track for sustainable growth

• Successfully **achieving our Industrial Plan targets**, notwithstanding challenging civil market
• Performing **pretty well in Military** market
• Weakening civil market, **keeping our leadership position** (especially 3-10 tonne)
• **Stronger offer for Customer Support & Training** and digitalization
• **Targeted investments** in our future products, services and technologies
• Strengthening further our **commitment to Safety**
Fully focused on Industrial Plan Objectives: returning to sustainable growth

• Committed to top line increase, 2017-2020 CAGR ≥ 5%
  o Military and Customer Support & Training ahead of schedule…
  o …more than compensating current civil market challenges
  o New commercial initiatives to sustain civil sales

• Double digit profitability by 2020 confirmed
  o Reaping the benefits of launched actions
  o Profitability recovery slightly faster than planned
  o Cash conversion improving but working capital level still high

• Increasing our international Customers base to reduce risk and maximise geographical reach
Attractive military market supported by new opportunities

GLOBAL MILITARY MARKET
Total market value $ bn per year

- Combat
- Naval
- Utility/ Multi-Role Heavy
- Utility/ Multi-Role Medium
- Utility/ Multi-Role Light

~15

~14-15

Average 2014-18A

Average 2019-23F

• Opportunistic market, **substantially flat in the next five years:**
  - New procurement cycles launched in specific countries
  - Need of replacing aging fleets
  - Expected increasing importance of military variant of dual use helicopters, especially for multirole segment

• Leonardo **addressable market** ~40%

FOCUSED EFFORT ON KEY GEOGRAPHIES

- We outperformed the Military market thanks to focused sales effort:
  - Leveraging on **competitive dual use and specialized platforms**
  - Consolidating the current Customers base and penetrating **new geographies**
  - Selected **cooperative efforts**

Indicative and not exhaustive
Civil Market reducing pace, we remain leader

CIVIL HELICOPTERS MARKET EVOLUTION

Market Value $ bn

- Civil market slightly decreasing trend in 2019-21
  - Uncertain macro economic situation
  - Operating lessors financial issues
  - Difficulties of some large operators with knock-on effect on other operators

- Market expected back to growth from ~2022
  - Intermediate class main growth driver
  - EU and US by far the most important markets, China fastest pace

- We remain very well positioned
  - All our helicopters are continuing to fly (flight hours constantly increasing)
  - Almost the only OEM that has performed sales in the O&G segment
  - Clear leadership in the twin engine
  - Delivered 1000th AW139 in Sept ‘19

Source: Internal analysis on Leonardo Helicopters reference civil market (based on deliveries evaluated at standard prices); Re-evaluated at Economic Conditions 2019.
Customer Support & Training is a priority business in a growing market

**MARKET**

- **Civil Outlook (CAGR '18-'28)**
  - +15% growth
  - ~4%

- **Military Outlook (CAGR '18-'28)**
  - +15% growth
  - ~2%

**LEONARDO**

- **In service fleet evolution, # Helicopters**
  - 2018A: 15%
  - 2028E: >50%

- **Pay by the Hour penetration (AWFamily)**
  - 2012: 15%
  - 2018: >50%

- **Trained students**
  - 2006: 600
  - 2018: >10,000

- **Simulator Training Hours flown**
  - 2006: 2,900
  - 2018: >41,000

**Priority business:**

- Steadily growing business, resilient to market fluctuations
- Driven by our growing fleet, higher flight hours per helicopter, wider service portfolio
- High impact on Customers satisfaction and retention
- Mission effectiveness and safety

**Key investment area:**

- Innovative digital services to increase Customers’ service level and value generation
- Advanced services to maximize fleet availability
- Global footprint and customer proximity
- Worldwide logistics to guarantee next day parts delivery to Regional Customers
Balanced orders across Commercial, Military and Customer Support & Training

**Balanced volumes across the 3 core segment:** Commercial, Military & Governmental, Customer Support & Training

**Military & Governmental and Customer Support & Training** *offsetting lower Commercial volumes*

* Purely directional data

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Investing in innovative products and disruptive technologies

<table>
<thead>
<tr>
<th>Tilt Rotors</th>
<th>RUAV</th>
<th>Helicopters disruptive technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Tilt Rotor Image" /></td>
<td><img src="image2.png" alt="RUAV Image" /></td>
<td><img src="image3.png" alt="Helicopter Image" /></td>
</tr>
</tbody>
</table>

Tilt Rotors, RUAV and helicopters disruptive technologies introducing a step change in mission capabilities to better respond to current and new operational needs.

- **Advanced Materials & Processes**
- **Real-time sensors & Advanced Analytics**
- **Algorithms for Cyber-Protection**
- **Advanced Power Management**

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Noise Reduction and Passenger Comfort Improvement

Payload fraction Improvement

Green Technologies

Avionics

Modelling & Simulation

Transversal technologies and helicopters-focused technologies are the key pillar to sustain long term competitive advantage.

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Safety is a core Company value

- Strongly committed towards continuous improving our Safety
- We look at helicopter as a “system”, not only as a platform
- New “Safety Systems Governance” in place
- Focus on state of the art processes, products and services…
- … leveraging on internal “network of safety partners” and collaborating with external “Safety Stakeholders”
Agenda

> Focus on Helicopters

> Leonardo results and outlook

> Appendix
Global player in High Tech Aerospace, Defence and Security business

2018 REVENUES

in € bn

12.2

15% From Italian market
85% From international markets

Helicopters
Aircraft
Aerostructures
Electronics
Cyber Security
Leonardo DRS

% Revenues
31%
24%
44%

Other activities: 1%

Joint Ventures & Subsidiaries

Telespazio
(67% Leonardo)

Thales Alenia Space
(33% Leonardo)

AVIO
(26% Leonardo)

MBDA
(25% Leonardo)

ATR
(50% Leonardo)

Elettronica
(31.33% Leonardo)

Vitrociset
(100% Leonardo)
Strong progress towards Industrial Plan objectives

Building long term sustainable future

- 2018 targets delivered or exceeded
- Order growth ahead of Industrial Plan, with record backlog
- Strengthened international presence to drive export success
- Profitability to benefit from growth, efficiencies and cost control
- Increasing confidence in profitability and cash generation targets
- Creating a culture of continuous improvement
- 2018-2023 Industrial Plan targets underpinned
- Confirming or exceeding 2017-2022 objectives
**Strong 2019 performance, meeting or exceeding expectations**

<table>
<thead>
<tr>
<th></th>
<th>FY2018A</th>
<th>FY2019 Guidance*</th>
<th>Revised expectations*</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Orders</td>
<td>15.124</td>
<td>12.5 - 13.5</td>
<td>Above the top-end of the range</td>
</tr>
<tr>
<td>Revenues</td>
<td>12.240</td>
<td>12.5 - 13.0</td>
<td>Mid to upper-end of the range</td>
</tr>
<tr>
<td>EBITA</td>
<td>1.120</td>
<td>1.175 - 1.225</td>
<td>Slightly above expectations</td>
</tr>
<tr>
<td>FOCF</td>
<td>336</td>
<td>ca. 200</td>
<td></td>
</tr>
</tbody>
</table>

* Assuming Guidance exchange rate €/USD of 1.25 and €/GBP of 0.9. Favorable foreign exchange will provide additional benefits for 2019 Results.
APPENDIX
2018 Key Data

11,500+ Employees
1,400+ Customers
5,000+ Operative Fleet
€B 6.2 Order Intake
€M 141 R&D
9.4% EBITA Margin
€B 3.8 Revenues

2018 Company Data

© 2019 Leonardo - Società per azioni
Worldwide presence

- Leonardo Helicopters develops the latest generation rotorcrafts that meet the most demanding current and future operational requirements in all conditions and environments.
Helicopters are our business

- **Leonardo Helicopters covers the value chain of its business**
  - from design and development, to production and support

- Extensive Product Range in all weight categories (from 1.8 to 16.0 tonnes)
- **Dual use** helicopters
- Family concept through **AW139, AW169, AW189** based on common design philosophy and certification and safety standards.
- Innovative Technologies including **AW609** tiltrotor and Rotary-wing Unmanned Air Systems (RUAV)
- Delivery of **Customer Support & Training** integrated programmes
Commercial applications

- Leonardo Helicopters range of civil helicopters is designed to safely fly in any condition at the lowest possible cost. **The right product to perform any mission**
Military / Government applications

- Flexible products for Military / Government missions offering both specialized and dual use platforms
Best in class Customer Support & Training offering

- Support team available 24 hours a day, 7 days a week to assist all of our customers around the world

<table>
<thead>
<tr>
<th>FLEET</th>
<th>CUSTOMERS</th>
<th>SERVICE CENTRES</th>
<th>LOGISTIC CENTRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000+ helicopters</td>
<td>1,400+</td>
<td>90+</td>
<td>14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRAINING ACADEMIES</th>
<th>SIMULATOR HOURS</th>
<th>STUDENTS TRAINED</th>
<th>FLIGHT HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>40,000+</td>
<td>10,000+</td>
<td>6,750+</td>
</tr>
</tbody>
</table>

Sesto Calende (ITA)  
Yeovil (UK)  
Philadelphia (USA)  
Kuala Lumpur (MY)  
Świdnik (PL)
Digital processes & offer portfolio

Example – Digital End-2-End Configurator

Example – Real time HUMS*

Underlying enabler of agile industrial and managerial processes, driver of new added value products and revenue streams

*Health and Usage Monitoring System
ABOUT LEONARDO
## 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.
Helicopters
Well positioned to capture growth opportunities

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

9M2018 = 113 new 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>Orders</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>Revenues</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>EBITA</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>RoS</td>
<td>+5.9%</td>
<td>+7.6%</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>
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<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>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>Revenues</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>EBITA</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>RoS</td>
<td>6.5%</td>
<td>7.7%</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**

<table>
<thead>
<tr>
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<th>9M 2018</th>
<th>9M 2019</th>
<th>% Change</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>291</td>
<td>681</td>
<td>+134.0%</td>
<td>1,420</td>
<td>2,012</td>
<td>+41.7%</td>
<td>2,569</td>
</tr>
<tr>
<td>Revenues</td>
<td>599</td>
<td>915</td>
<td>+52.8%</td>
<td>2,025</td>
<td>2,304</td>
<td>+13.8%</td>
<td>2,896</td>
</tr>
<tr>
<td>EBITA</td>
<td>44</td>
<td>44</td>
<td>+0.0%</td>
<td>167</td>
<td>165</td>
<td>-1.2%</td>
<td>328</td>
</tr>
<tr>
<td>RoS</td>
<td>7.3%</td>
<td>4.8%</td>
<td>-2.5%</td>
<td>8.2%</td>
<td>7.2%</td>
<td>-1.0%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

#### 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**

<table>
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<tr>
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<th>3Q 2019</th>
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<th>9M 2018</th>
<th>9M 2019</th>
<th>% Change</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>€ mln</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>10</td>
<td>+0.0%</td>
<td>31</td>
<td>23</td>
<td>-25.8%</td>
<td>58</td>
</tr>
</tbody>
</table>

**2019 OUTLOOK**

- Continued downturn in telecommunication market expected to affect Manufacturing activities
Growth in international markets
Well positioned in key-high growth markets

- High-growth markets providing a strong backdrop for our growth plan
- Well balanced worldwide footprint
- Leonardo is expected to address ca. 20% A&D market
Profitability to deliver growth benefits to the bottom line

What we have done…

- Delivering on cost control initiatives:
  - €220 mln annual savings achieved

- Early retirement plan signed with Italian union:
  - involving 1,100 employees plus 65 managers

- Leap 2020 programme to optimise supply chain on track

What we are planning to do…

- 8-10% EBITA CAGR growth in 2017-2022 at Group level driven by:
  - Significant step-up in helicopters
  - Continued momentum in Electronics in Europe and Leonardo DRS
  - Strong Aircraft performance offsetting Aerostructures and ATR
  - Benefitting from operational leverage across all businesses
Leonardo investments as guarantee for the future growth of the business

- Leonardo confirms the strong commitment to invest approximately 12% of revenues in R&D
FOCF higher than old plan, stepping up in 2020

- 2018-2019 FOCF higher than in old plan
- 2019 FOCF reflecting EFA Kuwait cash absorption
- Cash drain due to:
  - Aerostructures underperformance
  - Winding down of contract advances

Material step up in 2020 FOCF driven by:
- EFA Kuwait deliveries
- Improving profitability throughout the Group
- Growing cash flow conversion rate beyond 2019

**Cash flow conversion rate**

58%

* Cash flow conversion rate = FOCF / EBITA after cash financial charges and cash taxes

**The graph is indicative only**
Aerostructures: still draining cash but clear recovery path defined

- Identified and implementing initiatives aimed at improving industrial performance, recovering profitability and cash generation
- Clear targets and action plan to reach break-even in terms of operating cash flow by 2022/2023

<table>
<thead>
<tr>
<th>One off payments</th>
<th>2018</th>
<th>2019 - onward</th>
</tr>
</thead>
<tbody>
<tr>
<td>B787</td>
<td>• customer advances repayment</td>
<td>• reducing as per contract</td>
</tr>
<tr>
<td></td>
<td>• old claims payment</td>
<td>• reducing as per contract</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• price upward revision as per</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Global Settlement from 2022 on</td>
</tr>
<tr>
<td>A220</td>
<td>• loss making programme</td>
<td>• reduction of unit production cost by</td>
</tr>
<tr>
<td></td>
<td>• cash out for non quality issues</td>
<td>≈30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• fixing industrial processes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• price renegotiation</td>
</tr>
<tr>
<td>Additional Work Packages</td>
<td>• fixing industrial processes</td>
<td>• growing contribution</td>
</tr>
</tbody>
</table>

~€283 mln
On target to deliver the Industrial Plan communicated in January 2018

Return to top-line growth

- **ca. € 70bn**
  - 2018-2022 cumulated orders
  - 5%-6% 5 year Revenue CAGR
  - Well on track

Strict cost control, reinvested in growth

- **ca. € 200mln**
  - Annualised savings
  - 80% Reinvested in competitiveness & capability
  - Achieved in 2018

Sustainable improvement in profitability

- **ca. 10%**
  - Ros by 2020
  - 8%-10% 5 year EBITA CAGR
  - On track

Focus on cash and a stronger capital structure

- **ca. 50%**
  - Avg. 2015-2018 Cash Flow Conversion;
    Accelerating FOCF from 2020
  - Investment grade
  - Credit rating
  - Cash conversion exceeding target
Sustainability as a base of the Industrial Plan

<table>
<thead>
<tr>
<th>Being able to attract and nurture talents</th>
<th>Building a solid and reliable supply chain</th>
<th>Promoting operational eco-efficiency</th>
<th>Financing a responsible business model</th>
</tr>
</thead>
<tbody>
<tr>
<td>40% new hires under 30 on the total hires in 2022</td>
<td>LEAP2020 Implementation of Supply Chain Partnership programme by 2020</td>
<td>-6% reduction of total water withdrawal by 2020</td>
<td>ISO37001 certification of anti-bribery management system</td>
</tr>
<tr>
<td>32% new hires women on the total hires in 2022</td>
<td>Group governance and assessment on Conflict Minerals of 100% of supply chain by 2021</td>
<td>-7% reduction of total waste produced by 2020</td>
<td>Commercial advisors and sales promoters trained by 2019</td>
</tr>
<tr>
<td>Over 100 cumulated hours of training for each employee in the 2018-2022 period</td>
<td>100% of procurement and supply chain employees trained on ESG topics by 2020</td>
<td>80% of employees in sites ISO14001-certified by 2020</td>
<td>Strengthening employees’ awareness on whistleblowing</td>
</tr>
</tbody>
</table>
Solid Financial Position as at end of September 2019

DEBT MATURITY
Average life: ≈ 5.4 years (1)

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+ / 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)

(1) Excluding reimbursements due in 2019

- 4 December 2019: Standard & Poor’s raised Leonardo’s outlook to “Positive”
- 18 November 2019: $127mln buyback of U.S. notes due 2039 and 2040
  - NPV materially positive

18 November 2019: $127mln buyback with NPV materially positive
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
Reduced gross debt and cost of funding earlier than promised

- **Reduced Gross Debt by 20%**
  One year earlier than forecasted through cash generation

- **Diversified Funding Pool**

- **2018 Leverage Ratio**
  - Net Debt / EBITDA: **1.6x**

- **Lowered cost of funding by 30%**, more than previously expected

### GROSS DEBT

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt Issuances</th>
<th>Debt Reimbursements</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016A</td>
<td>2.3</td>
<td>2.3</td>
<td>-20% (~ 0.9)</td>
</tr>
<tr>
<td>FY2019E</td>
<td>1.4</td>
<td>1.4</td>
<td>ca. 0.9</td>
</tr>
</tbody>
</table>

### COST OF FUNDING

<table>
<thead>
<tr>
<th>Year</th>
<th>Old Plan</th>
<th>New Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016A</td>
<td>5.4%</td>
<td>3.8%</td>
</tr>
<tr>
<td>FY2020E</td>
<td>4.0%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

- Excluding IFRS 16 adjustments

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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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