**Agenda**

- **Introduction**

*Part 1: Context and overview*

- Context and industrial plan overview
- Helicopter division insight and action

*Part 2: Strategy for growth*

- Executing our growth strategy
- Enhanced commercial strategy
- Financial Plan
- Concluding remarks
- Q&A

Raffaella Luglini, EVP External Relations, Communication, Italian Institutional Affairs, Investor Relations and Sustainability

Alessandro Profumo, CEO

Gian Piero Cutillo, MD Helicopters Division

Alessandro Profumo, CEO

Lorenzo Mariani, CCO

Alessandra Genco, CFO

Alessandro Profumo, CEO
Leonardo Industrial Plan

Context and industrial plan overview

Alessandro Profumo  Chief Executive Officer

Vergiate (VA), 30 January 2018
A plan to return to sustainable profitable growth

- A lot was achieved in Leonardo in recent years
- The re-set in 2017 was disappointing
- We are confident about the opportunity for Leonardo
- We are going to set this business up to win
- A sustainable financial strategy
A lot was achieved in Leonardo in recent years

*Took the right steps in weak markets…*

**STRONG ACTIONS ON COSTS**

<table>
<thead>
<tr>
<th>(€ mln)</th>
<th>SG&amp;A</th>
<th>Net Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>1,076</td>
<td>750</td>
</tr>
<tr>
<td>FY16</td>
<td>961</td>
<td>427</td>
</tr>
</tbody>
</table>

**RETURNING TO POSITIVE FOCF**

<table>
<thead>
<tr>
<th>FOCF (€ mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14¹</td>
</tr>
<tr>
<td>FY16²</td>
</tr>
</tbody>
</table>

Avg. 2014–2016 c.€ 290mln

**RESTORING PROFITABILITY**

**EBITA (€ mln) vs. ROS (%)**

<table>
<thead>
<tr>
<th>EBITA (€ mln)</th>
<th>0</th>
<th>500</th>
<th>1,000</th>
<th>1,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Helicopters</td>
<td>12</td>
<td>10</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>2014 Aeronautics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 DES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 Leonardo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**REDDUCING NET DEBT**

<table>
<thead>
<tr>
<th>Net debt (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
</tr>
<tr>
<td>FY16</td>
</tr>
</tbody>
</table>

c.4.0

2.8

…hard for the business…but necessary
The re-set in 2017 was disappointing

Created two perspectives for today…

- Helicopter recovery
- 2018 outlook

- New industrial plan
- Sustainable financial strategy

Addressing the short-term to move forward with our long-term discussion
The re-set in 2017 was disappointing

Temporary issues in the Helicopters division

<table>
<thead>
<tr>
<th>EXTERNAL FACTORS</th>
<th>INTERNAL FACTORS</th>
<th>FINANCIAL IMPACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Continued market decline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Changing market mix in Intermediate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lower military sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lack of sales discipline on re-configuration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Issues in planning and production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lower profitability on young products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Some extra costs &amp; delays</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Customer claims</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Civil Helicopters Market (€ mln)

<table>
<thead>
<tr>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 4,576</td>
<td>€ 3,150</td>
</tr>
<tr>
<td>Civil market -31%</td>
<td></td>
</tr>
</tbody>
</table>

Production visibility

<table>
<thead>
<tr>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 months</td>
<td>6 months</td>
</tr>
</tbody>
</table>

Impact on Revenues and EBITA

<table>
<thead>
<tr>
<th>FY17E</th>
<th>FY17E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>EBITA</td>
</tr>
</tbody>
</table>
The re-set in 2017 was disappointing

*Helicopters remains a strong and high quality business*

- **Fundamentals remain strong**
  - Taking market share
  - Quality leadership vs. peers
  - Strong profitability vs. key peer

- **Confidence in a recovery**
  - Changed leadership
  - New disciplines
  - New commercial strategy

- **But realistic on timing**

**Leonardo still taking market share...**

*Civil market share...*

2012: 25%

2017E: >30%

**Strong profitability in Helicopters**

*FY17e*

High single digit
Confident about the opportunity for Leonardo

We are entering a new phase: back to growth

- Our target markets will grow by 6%
- High quality products
- Highly valued by our customers
- International footprint
- Balance of Civil and Military
- Leverage a broad product portfolio
- Positioned for market trends

Note:
1 Based on Leonardo estimates'

© Leonardo - Società per azioni
We are going to set this business up to win

2018

Leonardo 2.0
Enhanced Business Approach
Transformation
Portfolio Reshaping and Strengthening
Value Creation

Sustainability
We are going to set this business up to win

*We cannot cut our way to sustainable growth…*

**New commercial strategy**
- New CCO organisation
- Increased presence in international markets
- Leverage «One Company»
- Increased Customer Support & Services

**Focused investment**
- Sales organisations
- Product leadership
- Digitalisation

*Investing in an extended representative offices network 2018-2022*

**New Orders expected**
- c. €70bn
  - 2018-2022 CUMULATED

**Customer Support & Services**
- >25%
  - GROUP ORDER INTAKE

**Increase in R&D activity 2018–2022**
- 60%
- 35%
- 5%
  - Upgrade Existing Products
  - New Product Development
  - Research and Technologies
We are going to set this business up to win

Strict cost control delivered through clear actions

**Initiatives**

- Strategic Sourcing
- Spending continuous improvement
- Offload optimization
- Should cost on proprietary products
- Engineering excellence
- Zero defects manufacturing and industry 4.0
- Material handling & logistic optimization
- Real estate management
- Discretionary cost management
- Competence mix change

CUMULATIVE ANNUALISED SAVINGS IDENTIFIED

c. €200 mln
A new sustainable financial model

**Doing the right things for the long-term: Sustainable profitable growth…**

<table>
<thead>
<tr>
<th>Return to top-line growth</th>
<th>Strict cost control, reinvested in growth</th>
<th>Sustainable improvement in profitability</th>
<th>Focus on cash and a stronger capital structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.70bn</td>
<td>C.€200mln</td>
<td>C.10%</td>
<td>c.50%</td>
</tr>
<tr>
<td>2018-2022 cumulated orders</td>
<td>Annualised savings identified</td>
<td>ROS by 2020</td>
<td>Avg. 2015-2018 CF Conversion; Accelerating FOCF from 2020</td>
</tr>
<tr>
<td>5%-6%</td>
<td>C.80%</td>
<td>8%-10%</td>
<td>Investment grade</td>
</tr>
<tr>
<td>5 yr. Revenue CAGR</td>
<td>Reinvested in competitiveness &amp; capability</td>
<td>5yr EBITA CAGR</td>
<td>Credit rating</td>
</tr>
</tbody>
</table>

...2018 planting the seeds for growth
A plan to return to sustainable profitable growth

- We are confident about the opportunity for Leonardo
- We are going to set this business up to win
- A sustainable financial strategy

Now it's time to execute
Leonardo Industrial Plan

Helicopter division insight and action

Gian Piero Cutillo MD Helicopters Division

Vergiate (VA), 30 January 2018
Key Messages

- We have a high quality Helicopters business with the right product strategy
- We are clear why we didn’t perform in 2017 and we have taken action
- We have a great opportunity in the right areas of an improving market
- We are executing a plan to deliver a return to sustainable growth
We have a high quality Helicopters business

There is no structural problem

- High performing products
- Leadership positions in key segments
- Civil market share >30%
- Gained share during market decline
- Flexible “product family”
- Leading innovations
- Well positioned for military and services market trends
- Still high single digit profitability
We have a high quality Helicopters business

*The answers in two very different business/markets*

<table>
<thead>
<tr>
<th>CIVIL</th>
<th>MILITARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolutely correct product strategy</td>
<td>Not linear business and highly opportunistic</td>
</tr>
<tr>
<td>Well impacted by external and internal factors</td>
<td>Some opportunities missed in the past</td>
</tr>
<tr>
<td>Very well positioned in the right areas of improving markets</td>
<td>Able to leverage dual use and specialized platforms</td>
</tr>
<tr>
<td>Keep investing to sustain leadership</td>
<td>Operating model already changed and ongoing mindset change to win consistently</td>
</tr>
</tbody>
</table>
We are clear why we didn’t perform in 2017…

**Strong External Factors in the Civil Market**

**SIGNIFICANT MARKET DECLINE**

- Total market declined by 45% between 2013 and 2016
- We dominate “Intermediate” with mature AW139
- “Intermediate” class grew …but splits into 3 different markets
- We meet market need with younger AW169 & AW189
- Our share of broader 'Intermediate' remains above 50%
- Profit impact from mix shift to younger / low margin product
- Focused presence in lighter classes, newly certified Trekker

<table>
<thead>
<tr>
<th>Year</th>
<th>Total deliveries (#)</th>
<th>Offshore ($ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>~850</td>
<td>1.6</td>
</tr>
<tr>
<td>2013A</td>
<td>~950</td>
<td>2.2</td>
</tr>
<tr>
<td>2014A</td>
<td>~750</td>
<td>2.1</td>
</tr>
<tr>
<td>2015A</td>
<td>~600</td>
<td>1.2</td>
</tr>
<tr>
<td>2016A</td>
<td>~550</td>
<td>0.6</td>
</tr>
<tr>
<td>2017E</td>
<td>~550</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: Internal analysis on Leonardo Helicopters reference civil market; Economic Condition 2017; third parties analysis
Illustrating the mix shift in civil 3–10 tonnes range

Leonardo 3–10 tonnes classes revenues have grown between 2012 and 2017 – taking share, but mix impacted profitability

<table>
<thead>
<tr>
<th>LIGHT INTERMEDIATE</th>
<th>CORE INTERMEDIATE</th>
<th>SUPER MEDIUM</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;3.2t</td>
<td>&gt;3.2t and &lt;5t</td>
<td>&gt;7t and &lt;10t</td>
<td></td>
</tr>
</tbody>
</table>

**AW169**
- Driven all growth
- ~0.3bn ~60%
- ~0.6bn ~45%
- ~ +130%

**AW139**
- Maintained Share
- ~1.3
- ~0.6

**AW189**
- Market leader in new category
- ~1.6
- ~ +5%

**Source:** Internal analysis on Leonardo Helicopters reference civil market; Economic Condition 2017; third parties analysis
We are clear why we didn’t perform in 2017…

*Lack of Discipline and Agility in our industrial response*

### Challenging market

- Products & services potential not fully exploited
- Ineffective in tender processes and major campaigns
- Some addressable market challenges (i.e. India)
- Issues in leveraging consortium/partnerships full potential

### Compounded by Underperformance in Military sales

- Missed opportunities

### Commercial department granted excessive flexibility

- Delays / Inability to fulfil customers' requests

- Competing for business in a challenging market
- Offered far too much flexibility to push sales
- Accepted late configuration and short lead times
- Limited forecasting capabilities to support operations

### Loss of Governance and Planning & Control discipline

- Delays / overruns

- Challenging situation originated by commercial decisions
- Unable to adapt quickly
- Misalignment and delays in information flows towards all key Division's stakeholders

### Inflexibility of internal and external supply chain

- Poor delivery capabilities/overruns

- Set up for old ‘push model’
- Unable to adapt quickly enough to the flexibility required from a demand led model
- Suffered configuration changes combined with higher complexity due to new products ramping-up
We are clear why we didn’t perform in 2017…

Financial impacts

LEONARDO HELICOPTERS REVENUES € bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>4.2</td>
</tr>
<tr>
<td>2016A</td>
<td>3.6</td>
</tr>
<tr>
<td>2017</td>
<td>Lower vs 2016</td>
</tr>
</tbody>
</table>

LEONARDO HELICOPTERS PROFITABILITY € bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Profitability (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>0.48</td>
</tr>
<tr>
<td>2016A</td>
<td>0.43</td>
</tr>
<tr>
<td>2017</td>
<td>High single digit</td>
</tr>
</tbody>
</table>

Lower revenues due to:
- Decline in the civil market
- Mix effect
- Reduced contribution from military programs in 2017

Lower profitability due to:
- Lower volumes
- Mix change
- Reworks and inefficiencies
- Issues on specific 2017 military contracts
### GUIDING PRINCIPLES

- **Discipline** in the governance
- **Agility** in the industrial operations, both in internal production shop floors and in supply chain management
- **Effectiveness**, driven by an Integrated Planning & Control process across all key stakeholders
- **Clear accountability**, though operating model revamping, impacting organization, processes and key people
- **Financial awareness** spread across the entire organisation

### IMMEDIATE ACTIONS TAKEN

- Execution Excellence programme enhanced
- New integrated planning and control operating model launched
- Production flow and supply chain logics changed
- Commercial organisation and approach to market improved, also enhancing forecasting capabilities
We have a great opportunity in an improving market

Well positioned in the right areas of Civil

CIVIL HELICOPTERS MARKET FORECAST

Market Value $ bn

- Conservative approach, lower than major external analysts' forecasts
- Light Intermediate (AW169), Intermediate (AW139) and Medium (AW189) are main growth drivers
  - Delivering the best value for money
- Light classes will experience low growth, high competition and cost sensitivity
  - Focused presence in specific segments
- Medium/ Heavy segment not attractive

Source: Internal analysis on Leonardo Helicopters reference civil market; Economic Condition 2017; third parties analysis
We have a great opportunity in an improving market

*Catching non linear opportunities*

**MILITARY HELICOPTERS MARKET FORECAST**

- **Military budget constraints & committed programmes tailing off; waiting for new procurement cycle**
- **Utility/Multi-role helicopters, mainly dual use military variant, will largely prevail**
- **We are well positioned**
  - Wide and strengthening dual use products portfolio
  - Competitive military specialized platforms addressing multi-role, naval and attack segments
- **Priority to diversify, penetrating new geographies**

Source: Internal analysis on Leonardo Helicopters reference civil market; Economic Condition 2017; third parties analysis
Executing a plan to deliver a return to sustainable growth

Key pillars for sustainable growth

- **BEST IN CLASS OFFER PORTFOLIO**
  Strengthen our products & services value proposition

- **TECHNOLOGY IMPROVEMENT & INNOVATION**
  Sustain rotorcraft technological competitiveness and keep investing in disruptive innovation

- **PARTNERSHIPS**
  Select and leverage the right partners along the entire Value Chain

- **GO TO MARKET**
  Ensure robust route to market for military programmes and civil products

- **EXECUTION EXCELLENCE**
  Commit to continuous improvement to reach execution excellence
Executing a plan to deliver a return to sustainable growth

*Focus on Technology & Innovation Leadership*

**Innovative Architectures**
- Tilt Rotors
- RUAVs

**Platform-focused Technologies**
- Noise Reduction and Passenger Comfort improvement
- Payload fraction improvement
- Green technologies
- Avionics
- Modelling & Simulation

**Transversal Technologies**
- Advanced Materials & Processes
- Real-time sensors, Big Data & Advanced Analytics
- Algorithm for Cyber-Protection

Consolidate innovation leadership and technological excellence by developing, maintaining and expanding state-of-the-art and front-end product development & innovation capabilities across the entire Product Portfolio.
Executing a plan to deliver a return to sustainable growth

Focus On Execution Excellence: Improvement Program

Functions Oriented Initiatives
- Agile Manufacturing & Product Quality
- Design Process Efficiency
- Procurement & Supply Chain Optimization
- Customer Service Excellence

Objectives
- Competitiveness
- Profitability
- Cash Generation

Transversal Initiatives
- Cost improvement on key products
- Integrated Planning & Control enhancement
- Program Management reinforcement
- Working Capital reduction and Cash Generation

Continuous improvement program to deliver execution excellence and improve product market attractiveness, lower operating costs and cash generation
Executing a plan to deliver a return to sustainable growth

Realistic expectations

**LEONARDO HELICOPTERS REVENUES € bn**

- CAGR >5%
- 2017
- 2018
- 2019
- 2020

**LEONARDO HELICOPTERS EBITA €bn**

- CAGR >10%
- Back to double digit RoS
- High single digit RoS
- 2017
- 2018
- 2019
- 2020

- Back to double digit profitability by 2020
- A return to growth supported by an healthier market outlook
- Capturing growth by improving actions already deployed
- Aimed at delivering effectively what we have planned
  - Roughly 90% of our deliveries in 2018 already have a clear configuration
- Well balanced growth across the three key segments of Civil, Military and Customer Support & Training
Key Messages

- We have a high quality Helicopters business with the right product strategy
- We are clear why we didn’t perform in 2017 and we have taken action
- We have a great opportunity in the right areas of an improving market
- We are executing a plan to deliver a return to sustainable growth
Leonardo Industrial Plan

Executing our growth strategy

Alessandro Profumo  Chief Executive Officer

Vergiate (VA), 30 January 2018
Executing our growth strategy

- Improving markets provide a strong backdrop for our future growth
- More than just helicopters—strong portfolio focused on 3 core business
- We are setting up this business to win
Improving markets provide a strong backdrop for our growth plan

*Strong fundamental growth drivers*

**GLOBAL OUTLOOK**

- Uncertainty in Europe (immigration flows and election in several Nations)
- New US Defence and international policy

**DEFENCE BUDGETS**

- About 3% CAGR of Procurement + RDT&A in 2017-2022
- European growth mainly driven by France, Germany and UK
- Flat Italian Defence Budget, still below 2% NATO Target

**LEONARDO TARGET MARKET**

- Our reference market is €113 bn per year, 19% of total A,D&S reference market
- Ca. 6% 5 years CAGR in 2018-2022
- Highest growth perspectives in Military Aircraft, Civil Helicopters and Security; slight contraction in Military Helicopters

**LEONARDO COMPETITIVE POSITIONING**

- #10 global A,D&S players; new comers are changing the competitive landscape
- Most diversified portfolio vs Peers
- Some areas of leadership (i.e. civil helicopters, trainers, radar and sensors, naval guns)
Improving markets provide a strong backdrop for our growth plan

*Our core categories are all expected to grow*

**TOTAL A&D MARKET - EVOLUTION BY BUSINESS - € bn**

- Material recovery in Civil Helicopters
- Major key programmes in Military Aeronautics (Combat & Trainers)
- Defence Systems & Electronics sustained by international crisis threats
- Key opportunities in Space

*CAGR 4.5%*

- **2017**
  - CIVIL HELICOPTER: 3
  - MILITARY HELICOPTER: 146
  - CIVIL AIRCRAFT: 44
  - MILITARY AIRCRAFT*: 134
  - DEFENCE SYSTEMS & ELECTRONICS**: 107
  - SECURITY: 93
  - SPACE***: 114
  - **TOT. MKT** ≈ 540

- **2022**
  - CAGGR %
  - CIVIL HELICOPTER: 6.2
  - MILITARY HELICOPTER: -1.9
  - CIVIL AIRCRAFT: 2.2
  - MILITARY AIRCRAFT*: 10.3
  - DEFENCE SYSTEMS & ELECTRONICS**: 3.4
  - SECURITY: 6.8
  - SPACE***: 4.3
  - **TOT. MKT** ≈ 670

*Includes military UAS
**Missile systems included
***Space includes manufacturing and services

Sources: Leonardo estimates on IHS Jane’s, 2017 / Forecast International April 2017 / HSRC 2017 / SDI 2017
Improving markets provide a strong backdrop for our growth plan

Focus on Defence Budgets - Worldwide

WW DEFENCE BUDGET BY DESTINATION (2017 – 2022) - € bn

2017 Global Defence Budget continues the increasing trend started in 2014

Growing procurement and R&D

Improved economic conditions and strategic challenges

Rebuilding the Military in US

European efforts to increase budget to 2% GDP in NATO Countries

Asia Pacific & Middle East most attractive EU markets

Sources: IHS Jane’s Nov 2017 and Leonardo estimates; Exchange rate $/€= 0.90372; IHS Janes - Nov. 2017 RID 7/17
Improving markets provide a strong backdrop for our growth plan

Our domestic markets remain stable… with some opportunities

- Substantially flat Defence Budget
- Possible additional funds in the next few years
- Italy is bucking the trend compared to other NATO Countries
- Procurement continue to receive a limited amount

- Moderate growth in the UK Defense Budget under pressure
- Confirmation of the Security initiatives outlined in the SDSR and funding
- Defence Equipment Plan in place
- Brexit uncertainties

- Increasing trend in US Defence Spending more than 3% of National GDP
- Procurement expected to grow
- Boosted Cyber Security funds (Cyberspace included)
- Some funds allocated to Foreign Military Financing

Sources: IHS Jane’s Nov2017 and Leonardo estimates; Exchange rate £/€= 1.22448; IHS Janes - Nov. 2017 RID 7/17
Improving markets provide a strong backdrop for our growth plan

Potential opportunities from European spending and 2% GDP NATO countries target

**EUROPEAN DEFENCE ACTION PLAN**

The European Council adopted the «implementation plan of the global strategies on matters of defence and security» and the European Defence Action Plan

**EUROPEAN FUNDS**

**Research Window»**

- Preparatory Action - € 90 mln from 2017 to 2020
- EDRP (European Defence Research Program) - € 500 mln/year in the period 2021-2028, for a total of € 3.5 bn
- «Capability window»
- Financial instruments for the co-development of technologies and capabilities acquisition
- Defence Industrial Development Plan - DIDP - € 500 mln on 2019-2020
- DIDP 2 from 2021, € 1 bn from EC with 5x multiplier effect. Overall estimated volumes € 5 bn/year

**ACHIEVEMENTS**

- Leonardo was awarded the European research tender (OCEAN2020) for naval surveillance technology, issued by the European Union under the ‘Preparatory Action on Defence Research’

Source: Leonardo elaboration on Budget NATO estimate, 2017
More than just a helicopters business

…Strong portfolio focused on 3 core divisions

<table>
<thead>
<tr>
<th>Helicopters</th>
<th>Defence and Electronics</th>
<th>Aeronautics</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% of 2016 Revenue</td>
<td>45% of 2016 Revenue</td>
<td>25% of 2016 Revenue</td>
</tr>
</tbody>
</table>
More than just a helicopters business

European leader in Electronics, Defence and Security Systems

- Leader in Military Defence Electronics
  - Radars and sensors
  - On-board avionics
  - Electronic warfare systems
- ISTAR Avionic – Surveillance
- C4I Systems / Aero Defence
  - Naval systems
  - Combat systems
  - Combat management Systems
- Cyber Security
- Exposure to the Biggest Defence Market (US) through DRS
More than just a helicopters business

Key programmes and technologies to sustain Aeronautics in the long term

International Cooperation Programmes

- Eurofighter Typhoon
- F-35 Lightning II

Able to provide complete solutions in Military Training Syllabus

- Trainer Aircraft (M-345 HET, M-346)
- Ground Based Training System (GBTS) for pilots and ground crew

UAVs Evolution (UCAV)

Tactical Transport Aircraft & Special Mission

- C27-J

Cutting Edge Technologies in structural components (i.e. B787)

Regional Transport Aircraft (ATR)
## Strong portfolio based on 3 core divisions

*We are clear on our strengths and weaknesses*

### STRENGTHS

<table>
<thead>
<tr>
<th>Business</th>
<th>Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong and innovative product portfolio</td>
<td>Mastering of «CORE» technologies</td>
</tr>
</tbody>
</table>
| Clear market leadership in some business segments |  - Radar systems  
- Electro-optical systems  
- Cyber security and intelligence  
- Aircraft systems integration and certification |
|  - Civil Helicopters, Trainers, Naval Armaments, Radars and Sensors  
- Space, Missiles, Regional Turboprop (in JVs / Partnerships) |  
- Continuous upgrading of products by technology insertion, following Customer requirements |
| Well recognized position as a «trusted partner» |  |

### WEAKNESSES

<table>
<thead>
<tr>
<th>Business</th>
<th>Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too diversified portfolio compared to other international peers</td>
<td>More technology driven than market oriented</td>
</tr>
</tbody>
</table>
|  - Fragmentation / scattering of resources  
- Different positions along the industrial value-chain  
- Sub-optimal cash generation in some business lines  
- Limited market share in a number of business lines |  - Cautious exploration and adoption of «NEW» technologies  
- Digital transformation of products  
- More electric  
- New materials and processes |
Strong portfolio focused on 3 core divisions

Still too diversified product portfolio

<table>
<thead>
<tr>
<th>Main Lines of business</th>
<th>HELICOPTERS</th>
<th>AERONAUTICS</th>
<th>DEFENCE ELECTRONICS &amp; SECURITY</th>
<th>DEFENCE SYSTEMS</th>
<th>SPACE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Helicopters</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Military Helicopters</td>
<td>✔</td>
<td></td>
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</tr>
<tr>
<td>Civil Aircraft*</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Military Aircraft</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trainers</td>
<td>✔</td>
<td></td>
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<tr>
<td>UAS</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Aerostructures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Avionics Systems</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Land and Naval Systems</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Security</td>
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<td>✔</td>
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<tr>
<td>Land Armaments</td>
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<td>Naval Armaments</td>
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<td>Missiles</td>
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<td>✔</td>
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<tr>
<td>Underwater-Torpedoes</td>
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<td></td>
<td></td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Services</td>
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<tr>
<td>Manufacturing</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>

Note: benchmark based on quali-quantitative evaluation with reference to: (i) revenues by segment, (ii) technology / product portfolio, (iii) market positioning, and (iv) market competitiveness

Source: Leonardo elaborations

(*): Leonardo is active in the Regional Aircraft business through ATR

MBDA
We have a well positioned portfolio focused on 3 core business

Still too diversified – what are we going to do about it?

**Portfolio reshaping**

1. **Allocation of capital**
   - Directed to our core businesses and competencies

2. **Partnering with other/larger companies**
   - Broader shoulders to access commercial opportunities
   - Reduces investment of capital and management time

3. **Selected disposals and acquisitions**
   - We will update you when we have something to say
We are setting up this business to win

2018

To improve organization and processes, for excellences in execution, also leveraging on stronger identity, people valorization and quality

To step up innovation culture, portfolio competitiveness and customer intimacy also for a successful international footprint

To enable a sustainable growth focusing on profitability and cash generation

To play a leading role in specific areas through strategic partnerships and selected acquisitions

Leonardo 2.0 Enhanced Business Approach

Transformation

Value Creation

Portfolio Reshaping and Strengthening

Sustainability
We are setting up this business to win

*Leonardo 2.0 in a Nutshell*

**INSPIRING PRINCIPLES**

- Gather Leonardo’s people under the same core values, revolving around customer satisfaction, technological innovation and integrity
- People at the center of Leonardo
- Enhance the “ONE Company” organization model

**OPERATIONS**

- Materially improve industrial performance across the entire value chain
- Enhance engineering
- Revamp shop-floor – “Zero Defects Manufacturing & Industry 4.0” Program
- Evolve relationship with suppliers

**COST TRANSFORMATION**

- Materially improve cost position through short-term and long term initiatives
- Launch Group wide cost transformation program

**ORGANIZATION ENABLERS**

- Set-up central governance of Group improvement initiatives
- Improve working environment through office spaces and buildings rationalization
We are setting up this business to win

Research and Development Activities

Research and Technologies (“R&T”)

New Products Development

- AW609
- ISS
- Falco 48
- 76 SP
- M-346 FT/M-345

Upgrade Existing Products

- Hitrole
- Critical Comms (Broadband evolution)
- DIRCM
- SOC & Cyber
- EFA
- AW Family
- ATM Comms & Sensors
- AESA Fire Control Radar
- Aerostructures

List of products is not exhaustive
Leonardo Industrial Plan

Enhanced commercial strategy

Lorenzo Mariani  Chief Commercial Officer

Vergiate (VA), 30 January 2018
Key Messages

- Solid Order Intake Plan
- Key Strategic Campaigns
- Leveraging International Presence: Offices & Subsidiaries
- Enhanced Customer Support

......back to growth
We are entering a new phase of sustainable growth

- A challenging but realistic Order Intake Plan

- 2018-2022 Order CAGR >6%, well balanced on the three Key Business
  - Helicopters
  - Aircrafts
  - Electronics for Defence & Security

- Three Key Pillars for Growth
  - Internationalization
    - International Offices
    - Subsidiaries & JVs
    - Regional Logistic Hubs
  - Strategic campaigns
    - > €20 bn
    - 70 key campaigns

- Customer Support Development growing market and emerging requirements
- Customer intimacy

......back to growth
Solid Order Intake Plan supported by strategic campaigns

Material recovery in Military Helicopters driven by Key Large Campaigns
Aircrafts growth sustained by EFA and Trainers
ED&S’ positive trend driven by Avionics, Naval, Cyber & DRS
Customer Support up from current <20% to > 25%
Key Strategic Campaigns

Being closer to the customers and its needs

- > 70 Key Campaigns for over €20 bn in 2018-2020, excluding US
- «Big shots» in US, not included in baseline plan: T-100, UH-1N
- Top priority Countries accounting for over €1 bn each
  - Algeria
  - Qatar
  - Kuwait
  - Egypt
  - Poland
  - Pakistan
  - Malaysia
  - Saudi

- Centralised Governance challenging and control, full divisional accountability, continuous tracking, focused team
- Tight link with the Country & Regional Offices, full Support of Italian & UK Institutions, coordinated UK & IT efforts on Export campaigns (i.e. Helicopters)
Key Strategic Campaigns

Strong opportunities to address worldwide customers needs leveraging on the «One Company» – «One Voice»
Leveraging on International presence

*Offices & Subsidiaries*

- 25 Offices & Subsidiaries at the end of 2017
- More than 10 new initiatives in 2018 – 2019
- More than 25 new initiatives in the Plan
- Link with key strategic campaigns:
  - Algeria
  - Bahrain
  - Azerbaijan
  - Egypt
  - Poland
  - Pakistan
  - Australia
  - Thailand
- Proximity to the Customer
  - Daily check of Key Campaigns
  - Building requirements
  - Logistic support
  - Better understanding of the competitive environment
Offices and Subsidiaries

Strengthening existing International Representative Offices Network

...structured approach to market opportunities
Enhanced Customer Support

- 2017 – 2022 CAGR c. 10%
- Customer Support Target: >25% of Order Intake by end of plan
- Positive trend in Aircraft, Helicopters and Electronics
- 4 Main Areas
  - Regional Hubs for enhanced local capability
  - Dedicated Organization in each Division with challenging & control from CCO on best practices
  - Manufacturing & Supply Chain specific processes
  - Enhanced product portfolio

...exploiting significant opportunities
Exploiting further opportunities in Customer Support

extended offering

Mid Life Upgrade (MLU):

- Already applied to Land and Naval environment

Advanced Training

- Training School: an innovative approach in partnership with Italian Air Force
Leonardo Industrial Plan

Financial Plan

Alessandra Genco  Chief Financial Officer

Vergiate (VA), 30 January 2018
Key Messages

*Entering a new phase…*

- Higher market penetration
- Selected investments for growth
- Cost control
- Profitability improvement
- Cash flow generation
- Strong capital structure

*…back to growth*
2017 was a year of rebasing

*We had to reset in challenging markets…*

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>New orders € bn</td>
<td>20.0</td>
<td>12.0 – 12.5</td>
<td>c. 12.0</td>
</tr>
<tr>
<td>Revenues € bn</td>
<td>12.0</td>
<td>c. 12.0</td>
<td>11.5 – 12.0</td>
</tr>
<tr>
<td>EBITA € mln</td>
<td>1,252</td>
<td>1,250 – 1,300</td>
<td>1,050 – 1,100</td>
</tr>
<tr>
<td>FOCF € mln</td>
<td>706</td>
<td>500 – 600</td>
<td>500 – 600</td>
</tr>
<tr>
<td>Group Net Debt € bn</td>
<td>2.8</td>
<td>c. 2.5</td>
<td>c. 2.6</td>
</tr>
</tbody>
</table>

Assuming finalization of C27J export contracts
Assuming cash-in of EFA Kuwait payments related to 2017 milestones
Including the effect of US bond buyback

*Exchange rate assumptions: €/USD 1.15 and €/GBP 0.85*

- Re-base in Helicopters
- Order intake affected by key export order slippage
- 2017E Revenues, EBITA and FOCF towards the lower end of Guidance

… continued confidence in medium-term opportunities
Core strengths of our Group

HELICOPTERS
- Best in class business
- Outstanding product portfolio
- Leading margins

DEFENCE ELECTRONICS
- Solid business built on long term contracts
- Healthy backlog
- Key export market exposure

AIRCRAFTS
- Key player in leading international programmes
- Strong backlog
- Attractive product portfolio (i.e. Family Trainer)
Strong Order Intake

Strong pipeline
- Capturing opportunities in growing export markets
- Central coordination of commercial campaigns

€ bn

2017 Guidance 2018E Guidance 2022E

11.3–11.7
12.5–13.0

CAGR >6%

EXPECTED ORDERS
2018–2022 CUMULATED

BOOK TO BILL
2018–2022

≥1 x

c.€70 bn

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Stable and Sustainable Revenue Growth

€ bn

2017 Guidance 2018E Guidance 2022E

CAGR 5%-6%

Solid Backlog c.3 years of equivalent revenues

Strong order intake

Helicopter recovery supported by an attractive product portfolio

Aircrafts and Defence Electronics strong backlog and market position

Production ramp up of some programmes (i.e. in DRS)

BACKLOG

c.€34 bn

9M2017A

Strong order intake

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Profitability back to double digit by 2020

€ mln

Helicopters recovery

Solid continuous contribution from Defence Electronics and Aircrafts

Operating leverage driven by higher volumes

Relentless cost control through central coordination

CAGR 8%-10%

PROFITABILITY
c. 10%

BY 2020
Investing in sustainable growth

Avg. Investments 2018–2022 c. € 600–700 mln

Selected and market driven investments
€ 150–200 mln higher compared to 2015-2016 avg.

Emphasis on key technologies and products for long term sustainability
Short term investments for the One Company full deployment (i.e. digital transformation)
Working Capital under control while supporting growth

Operating Working Capital on Revenues, net of customer advances, almost stable/slightly reducing thanks to initiatives

Working Capital efforts aimed at improving industrial processes through effective integrated planning

Set specific targets and actions on key working capital components

Define clear accountability and set the appropriate incentive scheme

2018–2020 Eurofighter Kuwait production ramp up

Customer advances winding down

Need to support growth in top line
FOCF remains a priority, but timing will impact 2018 and 2019

€ mln

Short term pressures in 2018 and 2019
- Eurofighter Kuwait
- Winding down of contracts’ advances
- Investments for growth
- Aerostructures’ underperformance

FOCF significant step up from 2020

Growing FOCF sustained by
- Kuwait contribution
- Full recovery in Helicopters
- Order growth
- Higher profitability
- Lower financial charges

…growing Cash flow conversion rate* beyond 2019

(*) FOCF/EBITA after cash financial charges and cash taxes

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Executing on our Financial Strategy: Reduce Debt

Gross Debt Reduction\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>€ bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4.6</td>
</tr>
<tr>
<td>2017</td>
<td>c. 3.8</td>
</tr>
<tr>
<td>2020</td>
<td></td>
</tr>
</tbody>
</table>

TARGET REDUCTION BY 2020

c. 20%

2017 Actions

2018-2020 Plan

Only a portion of expiring debt refinanced

(1) Bonds and EIB Loan
Delivering more than promised in 2017

What we planned in 2017 …..


- To be refinanced € 2.3bn

- Reimbursement of bond maturing in 2017 and buy back of US bonds 2019, 2039 and 2040

- Reimbursed € 1.2bn

- Refinanced € 600 mln

- New 7 year Bond issued in June 2017 – yield 1.6%

- Reimbursed with cash available and FOCF generation

- (1) Bought back entire 2019 bond through make whole exercise ($434mil) and tendered a total of $300mil of 2039 and 2040 bonds
… And we plan to do more in 2018 – 2020

Reimbursement of bonds maturing in 2018 and 2019

New bond issuance

<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><strong>Moody’s</strong></td>
<td>Ba1 / Positive Outlook</td>
<td>Ba1 / Stable Outlook</td>
<td>May 2017</td>
</tr>
<tr>
<td><strong>S&amp;P</strong></td>
<td>BB+ / Stable Outlook</td>
<td>BB+ / Negative Outlook</td>
<td>April 2015</td>
</tr>
<tr>
<td><strong>Fitch</strong></td>
<td>BBB- / Stable Outlook</td>
<td>BB+ / Positive Outlook</td>
<td>October 2017</td>
</tr>
</tbody>
</table>

…fully committed to Investment Grade
Executing on our Financial Strategy: Reduce Cost of Funding

**Lower Cost of Funding**

<table>
<thead>
<tr>
<th>Year</th>
<th>Bond Coupon</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5.4%</td>
</tr>
<tr>
<td>2017</td>
<td>4.7%</td>
</tr>
<tr>
<td>2020</td>
<td>≈ 4.0%</td>
</tr>
</tbody>
</table>

**TARGET REDUCTION BY 2020**

- In 2017 retired bonds with an average coupon of 5.5% (both in euro and in dollar buyback transaction w/$ 200mln NPV)
- New bond Issued in June 2017 at 1.6% yield
- Revolving Credit Facility renegotiated at lower margin

(1) Year End Bonds and EIB Loan Funding Cost
Revolving Credit Facility Renegotiation

Extending Facility Life
*Expiring Date*

Size Fitting business needs
*Amount*

Lowering Financial Costs
*Margin (bps)*

Bank Commitments for €3.6bn → 2x Oversubscribed
## 2018 Guidance: planting the seeds for growth

### Key Performance Indicators

<table>
<thead>
<tr>
<th></th>
<th><strong>FY2017E</strong></th>
<th><strong>FY2018E</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New orders</strong></td>
<td>€ bn</td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>1,050 – 1,100</td>
<td>1,075 – 1,125</td>
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<tr>
<td><strong>FOCF</strong></td>
<td>€ mln</td>
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<td>c. 2.6</td>
</tr>
</tbody>
</table>

*Including the effect of US bond buyback*

**Exchange rate assumptions:** €/USD 1.20 and €/GBP 0.90

...*moving to growth*
Getting back to sustainable profitable growth

- 2018–2022 cumulated orders c. € 70 bn and book to bill ≥ 1x
- 2018–2022 Revenue CAGR 5% – 6%
- Back to double digit in profitability, with RoS at 10% by 2020
- Investments to support Growth both in key products and operating backbone
- FOCF as key priority: step up from 2020
- Disciplined financial strategy
Leonardo Industrial Plan

Concluding remarks

Alessandro Profumo
Chief Executive Officer

Vergiate (VA), 30 January 2018
Concluding Remarks

A plan to return to sustainable profitable growth

We are confident about the opportunity for Leonardo: entering a new phase

We are going to set this business up to win

• Leonardo 2.0
• Enhanced Commercial Approach
• Investments for Growth
• Cost control

Disciplined financial strategy

Now it's time to execute
THANK YOU FOR YOUR ATTENTION

Q&A

LEONARDO
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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