FY 2018 Results Presentation

London, 14 March 2019

LEONARDO

Investor Relations & Credit Rating Agencies - ESG

Agenda

- **Introduction** — *Raffaella Luglini, Chief Stakeholder Officer*

Part 1: FY 2018 and Industrial Plan

- **Executing the Industrial Plan** — *Alessandro Profumo, CEO*
- **FY2018 Results & Outlook** — *Alessandra Genco, CFO*

Part 2: Focus on businesses

- **Electronics: a gem in the crown** — *Norman Bone, MD Electronics Division*
- **Helicopters: delivering on promises** — *Gian Piero Cutillo, MD Helicopters Division*
- **Aircraft: a strong strategy to deliver the Industrial Plan in a high growth market** — *Lucio Valerio Cioffi, MD Aircraft Division*
- **DRS: growth outlook** — *William J. «Bill» Lynn III, CEO of Leonardo DRS*
- **Q&A**

Executing the Industrial Plan

Alessandro Profumo Chief Executive Officer

London, 14 March 2019

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Strong progress towards Industrial Plan objectives

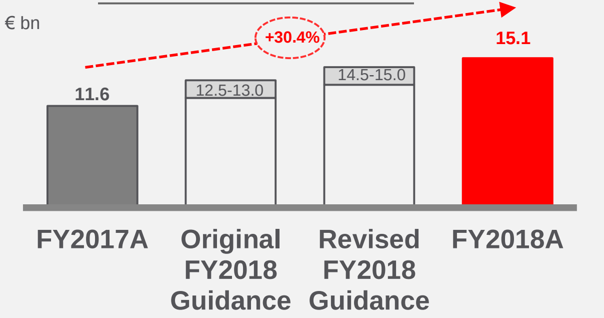
Building long term sustainable future

- 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

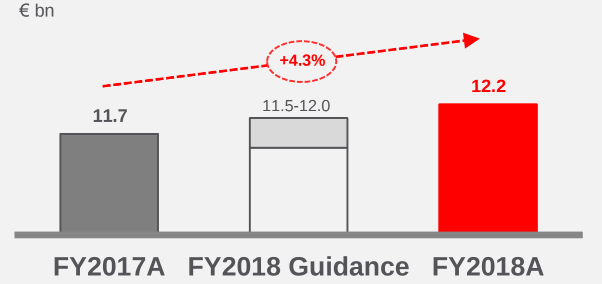
We are tracking ahead of plan

2018 Orders and Revenues above Guidance range

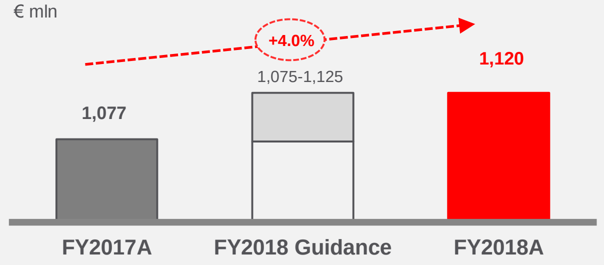
ORDERS AHEAD OF PLAN



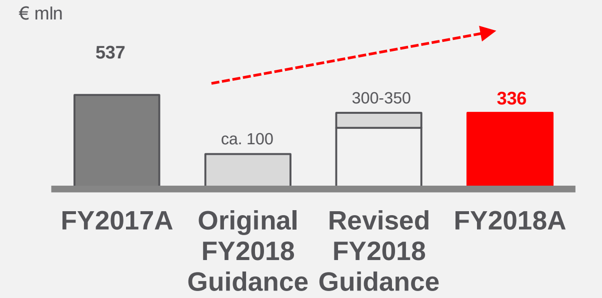
REVENUES AHEAD OF GUIDANCE



EBITA AT UPPER END OF THE RANGE



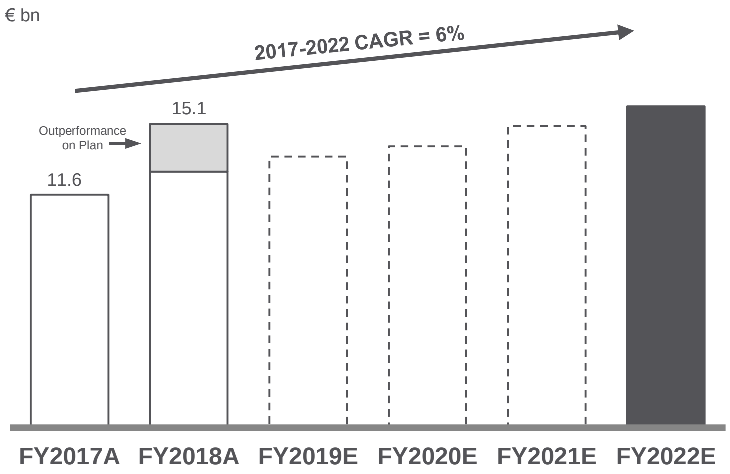
FOCF AT UPPER END OF REVISED RANGE



Industrial Plan delivering the growth required for sustainable performance

2018 Orders and Revenues above Guidance range

ORDERS AHEAD OF PLAN



ca. € 70 bn 2018-2022 cumulated orders[1]

1 Excluding NH90 orders

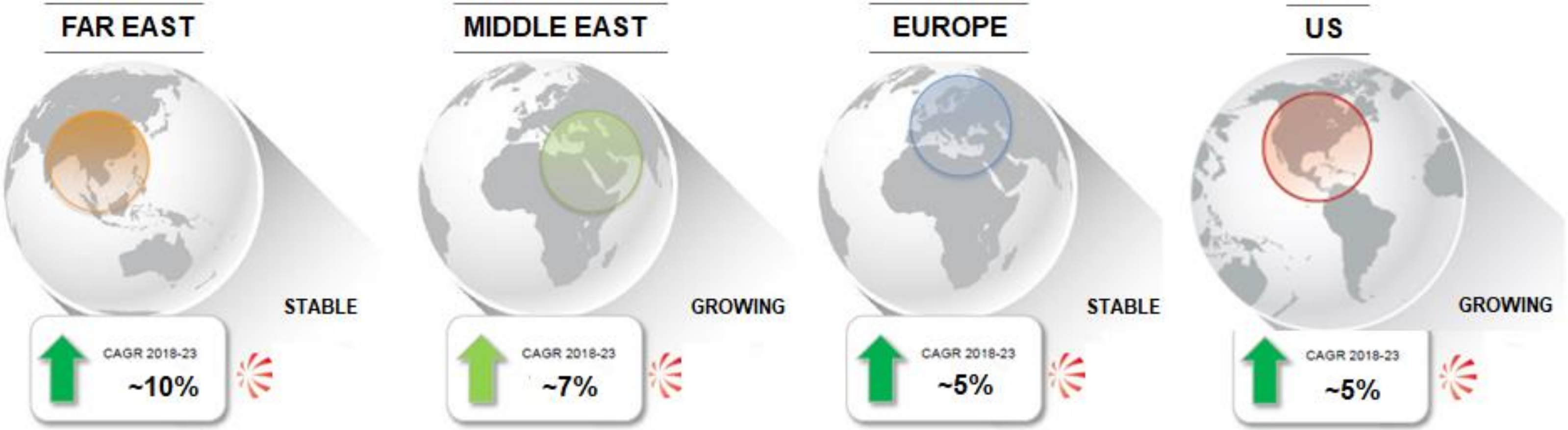
Illustration at Plan growth rate

Oustanding achievement in 2018 delivered by:

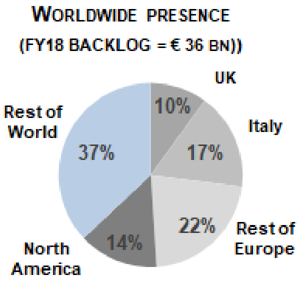
- **Growth ahead of our market:**
  - Driven by DRS, (i.e Mounted Family of Computer Systems and "Throphy" Active Protection Systems)
- **Success in international markets**:
  - € 3 bn NH90 Qatar contract
  - EFA Qatar
  - M346 Poland
  - NATO Joint Electronic Warfare Core Staff
  - Land & Naval systems
  - Up to $ 1.4 bn IDIQ MH-139 contract in US
- **Support and services**:
  - Contract with the UK MoD for the integrated operational support of the Apache
  - Aircraft Customer Support & Service

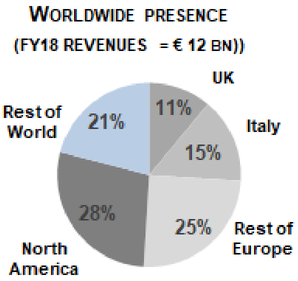
Growth in international markets

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**





Insight into our key businesses

Moving to deliver strong growth, profitability and cash

ELECTRONICS

- Addressing the largest part of the A&D market
- Bringing businesses together to address Customer evolving requirements
- Better able to address international opportunities
- Clear path to double digit profitability and strong cash generation

HELICOPTERS

- On track for sustainable growth
- Significant progress in 2018
- Good commercial momentum
- Delivering operational improvement
- On track for double digit RoS in 2020

AIRCRAFT

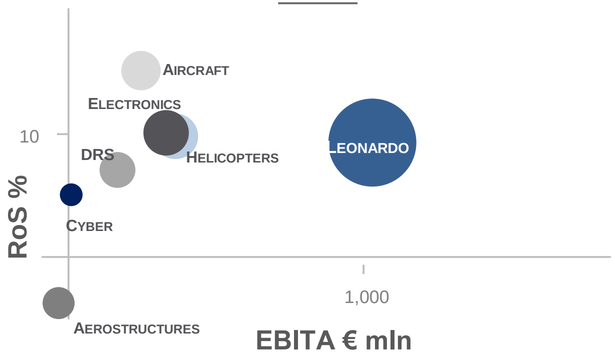
- Strong backlog to leverage on
- Well established platforms (i.e. EFA, JSF)
- Strong portfolio and Customer Services
- Double digit profitability and cash generative

DRS

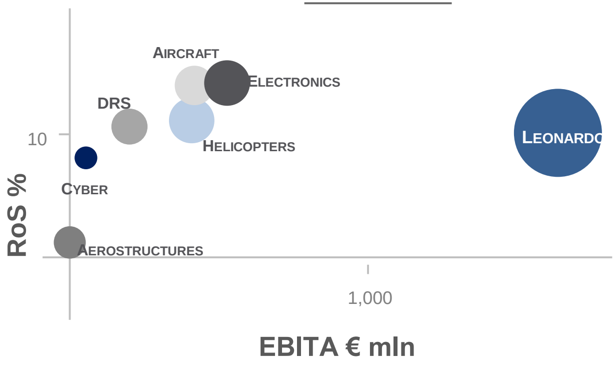
- Delivering above market growth
- Market opportunities in line with DoD priorities
- Well positioned in key contracts and products
- Top line growth supporting double digit profitability over the plan

Profitability to deliver growth benefits to the bottom line

TODAY



TOMORROW



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 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

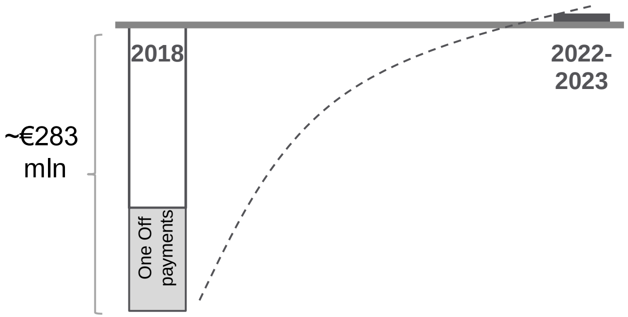
Total R&D: Yearly average € 1.5 bn

- **Customer Funded R&D**: ≈ 65%
- **Self Funded R&D**: ≈ 15%
- **Capitalised R&D**: ≈ 20%

Leonardo confirms the strong commitment to invest approximately 12% of revenues in R&D

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**



	2018	2019 - onward
One off payments	• normalization of payment terms to suppliers & probation costs	-
B787	• customer advances repayment • old claims payment	• reducing as per contract • reducing as per contract • price upward revision as per Global Settlement from 2022 on
A220	• loss making programme • cash out for non quality issues	• reduction of unit production cost by ≈30% • fixing industrial processes • price renegotiation
Additional Work Packages	-	• growing contribution

2019 Guidance in line with Industrial Plan

		FY2018E at January '18	FY2018E at July '18	FY2018A		FY2019 Guidance
New Orders	*(€ bn)*	12.5 - 13.0	14.0 - 14.5	15.124	↑	12.5 - 13.5
Revenues	*(€ bn)*	11.5 - 12.0	11.5 - 12.0	12.240	↑	12.5 - 13.0
EBITA	*(€ bn)*	1.075 - 1.125	1.075 - 1.125	1.120	✓	1.175 - 1.225
FOCF	*(€ mln)*	ca. 100	300 - 350	336	✓	ca. 200
Group Net Debt	*(€ bn)*	ca. 2.6	ca. 2.4	2.4	✓	ca. 2.3 ca. 2.8*

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

Including IFRS16 effect of ca. € 0.4 - 0.5 bn

On target to deliver the Industrial Plan communicated in January 2018

Return to top-line growth	Strict cost control, reinvested in growth	Sustainable improvement in profitability	Focus on cash and a stronger capital structure
ca. € 70bn 2018-2022 cumulated orders	ca. € 200mln Annualised savings	ca. 10% Ros by 2020	ca. 50% Avg. 2015-2018 Cash Flow Conversion; Accelerating FOCF from 2020
Well on track	**Achieved in 2018**	**On track**	**Cash conversion exceeding target**
5%-6% 5 year Revenue CAGR	ca. 80% Reinvested in competitiveness & capability	8%-10% 5 year EBITA CAGR	Investment grade Credit rating

Sustainability as a base of the Industrial Plan

Being able to attract and nurture talents	Building a solid and reliable supply chain	Promoting operational eco-efficiency	Financing a responsible business model
40% new hires under 30 on the total hires in 2022	LEAP2020 Implementation of Supply Chain Partnership programme by 2020	-6% reduction of total water withdrawal by 2020	ISO37001 certification of anti-bribery management system
32% new hires women on the total hires in 2022	Group governance and assessment on Conflict Minerals of 100% of supply chain by 2021	-7% reduction of total waste produced by 2020	Commercial advisors and sales promoters trained by 2019
Over 100 cumulated hours of training for each employee in the 2018-2022 period	100% of procurement and supply chain employees trained on ESG topics by2020	80% of employees in sites ISO14001-certified by2020	Strengthening employees' awareness on whistleblowing

My vision for Leonardo

Strengthening multi-country presence in Aerospace, Defence & Security with growing international presence in the right markets

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> **Leading in our strengths**

- Civil Helicopters
- Defence Electronics
- Training suppliers
- Customer Support

> **Driving value in the portfolio**

- Strong foothold in fighter
- Leverage economies of scale
- European JVs

FY 2018 Results & Outlook

Alessandra Genco Chief Financial Officer

London, 14 March 2019

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FY 2018 Highlights

Delivering growth

Delivering growth: Orders and Revenues above Guidance

- Orders at € 15.1 bn, up 32% in constant currency, driven by NH90 Qatar and strong commercial performance across the portfolio
- Revenues at € 12.2 bn, up 5% in constant currency

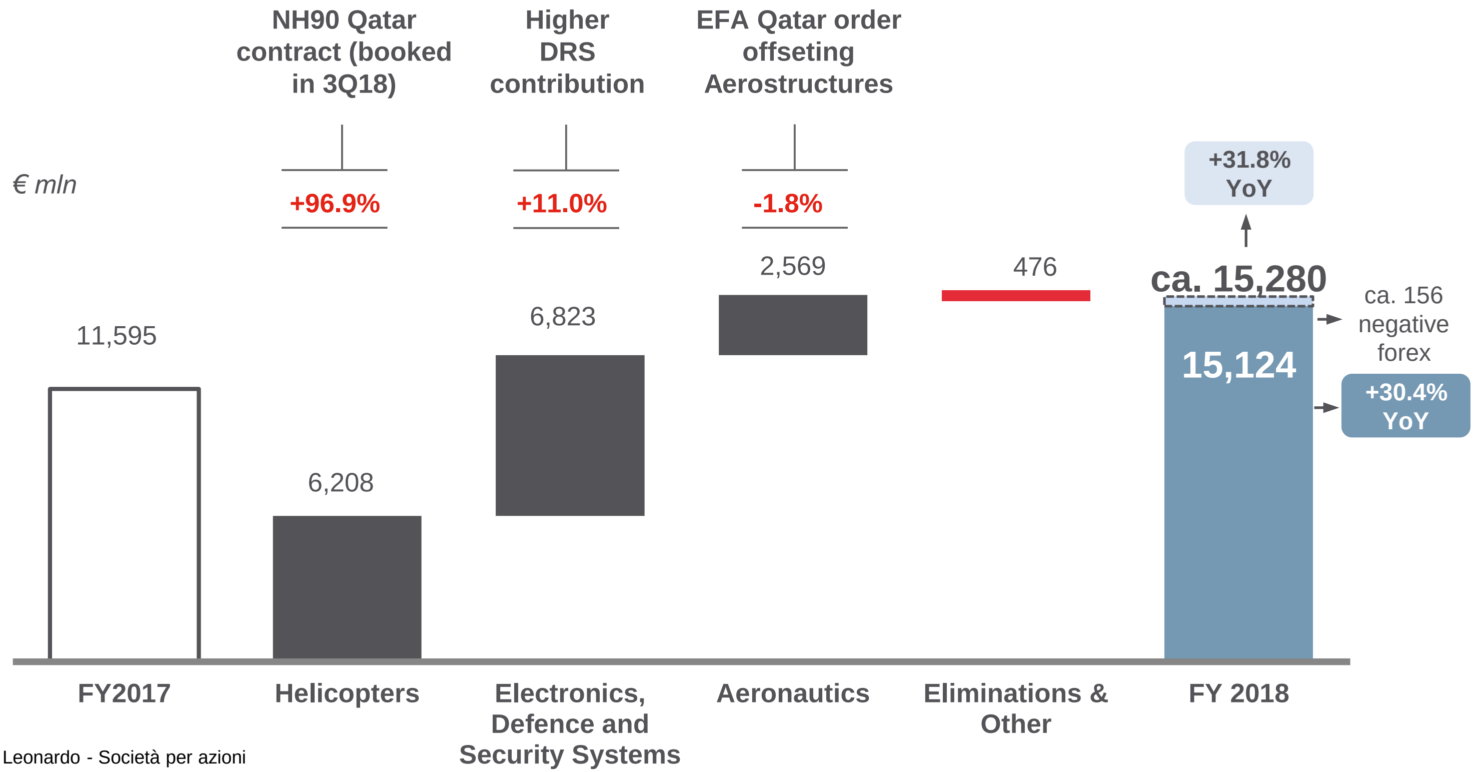
Delivering profitability and cash, at high end of Guidance range

- EBITA at € 1,120 mln, RoS at 9.2% (RoS at 9.4% excluding TX tender costs), including pass-through activities
- Net Result at € 510 mln, up 83% YoY, benefitting from lower financial expenses and income taxes
- FOCF at € 336 mln, in line with raised Guidance
- Net Debt at € 2.4 bn

2019 Guidance: reflects continuous progress towards Industrial Plan targets

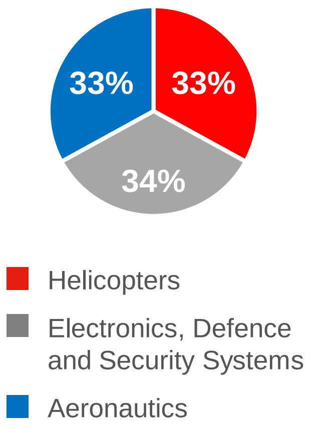
Order intake

Strong performance, up 32% in constant currency, mainly due to NH90 order



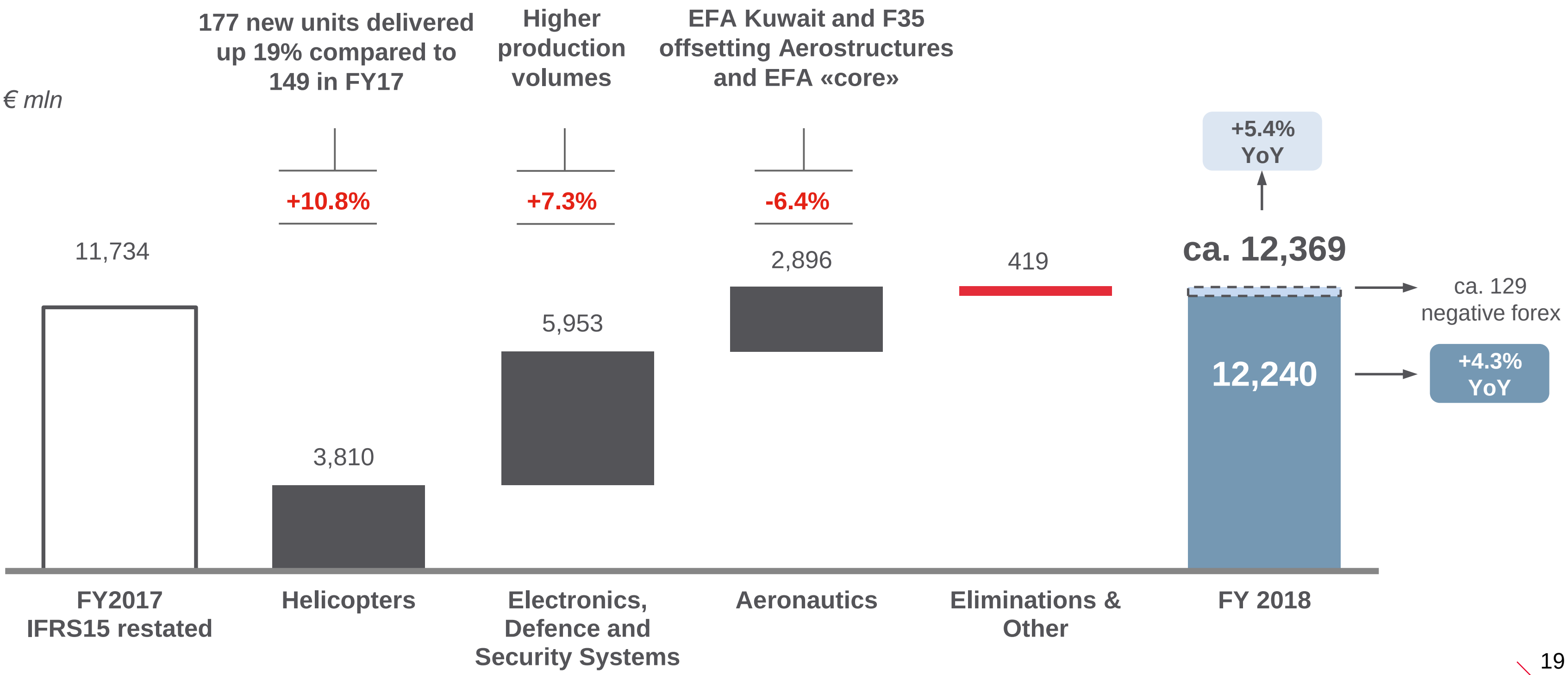
ORDER BACKLOG

FY2018 ca. € 36bn
Book to Bill > 1



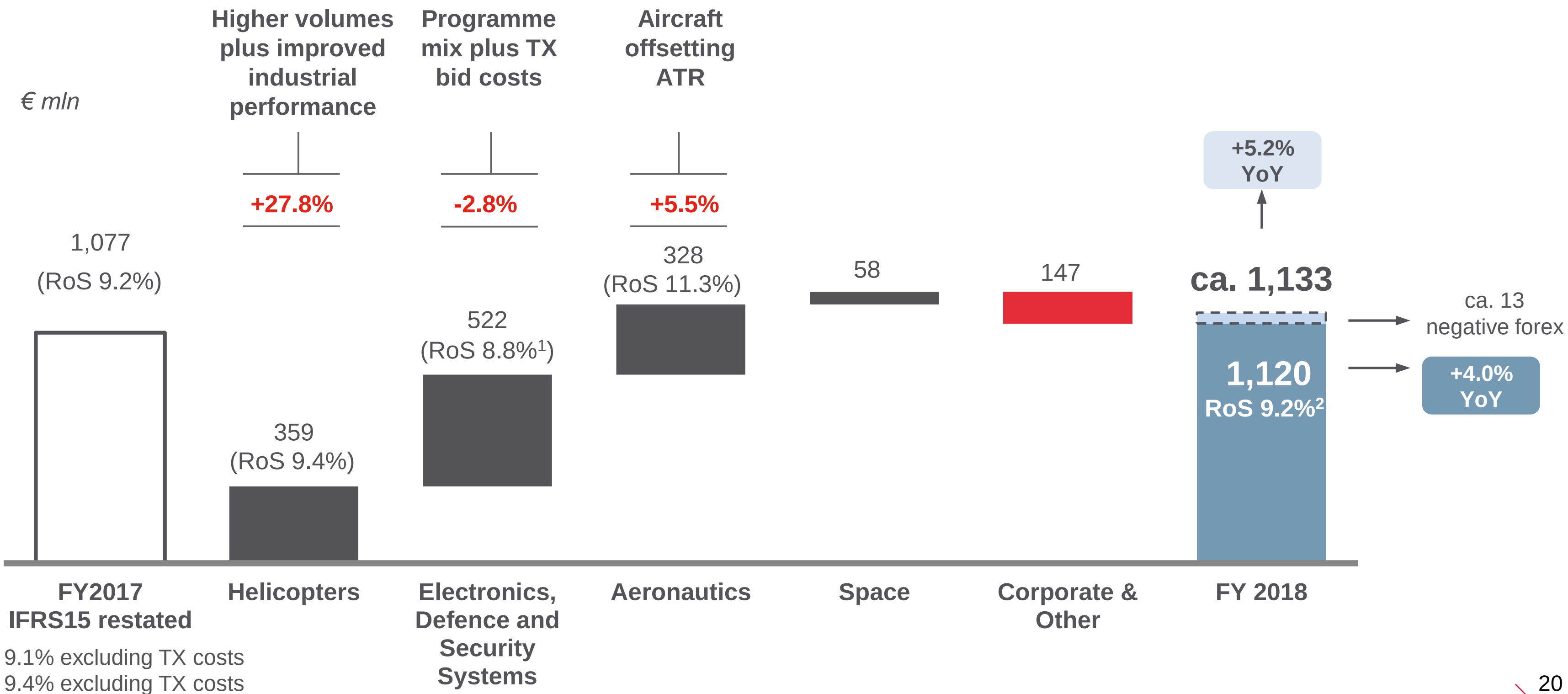
Revenues

Growth and positive momentum in Helicopters & DRS



EBITA and Profitability

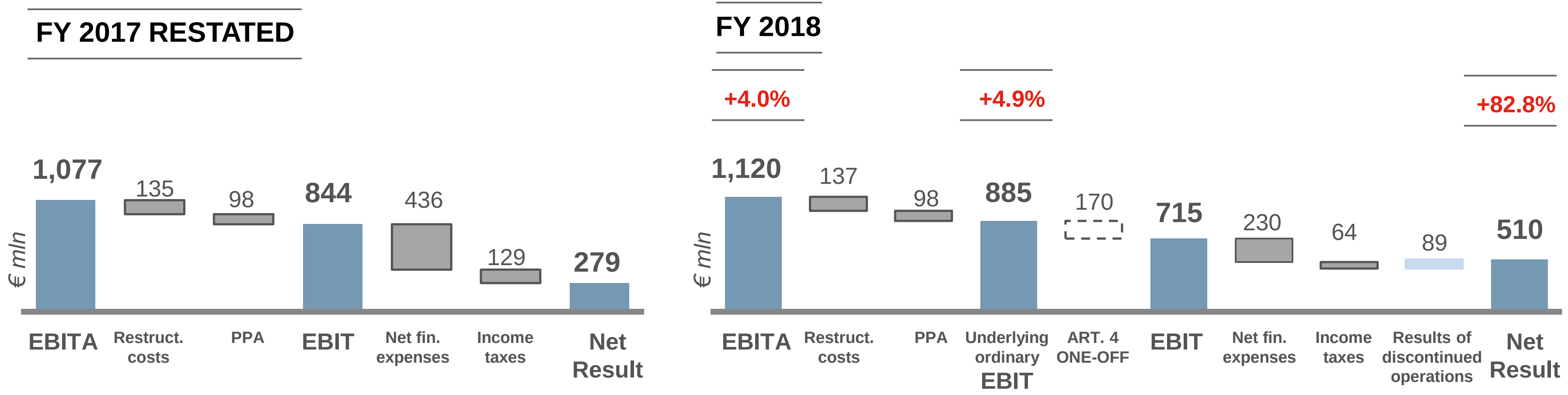
Solid performance across all businesses



1 RoS 9.1% excluding TX costs
2 RoS 9.4% excluding TX costs

Net Result +83% YoY

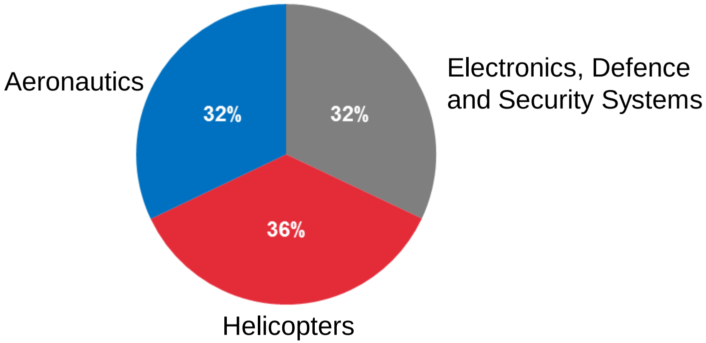
Below the line benefitting from lower financial charges and taxes



- EBIT including ca. € 170 mln of one-off early retirement costs accounted for in 2Q 2018
- Lower net financial expenses due to buy-back transactions completed in 2017 and lower cost of funding
- Lower income taxes mainly due to impact of US tax reform accounted for in 2017
- Net Result benefitting from the release of part of the risk provision set aside against guarantees given upon disposal of Ansaldo Energia

Investing where opportunities are

INVESTMENTS 2019-2023



PRODUCTS & TECHNOLOGIES

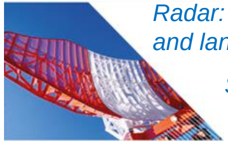
M345 HET

M346 FA

Emergency M-S

VIP Transport

Offshore



Radar: ATC, maritime and land surveillance

Sensors

Drones

- Focus on key products and technologies in order to achieve the target growth and guarantee medium-long term business sustainability
- Investments in security, physical and IT infrastructures in order to preserve the Company's competitiveness

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

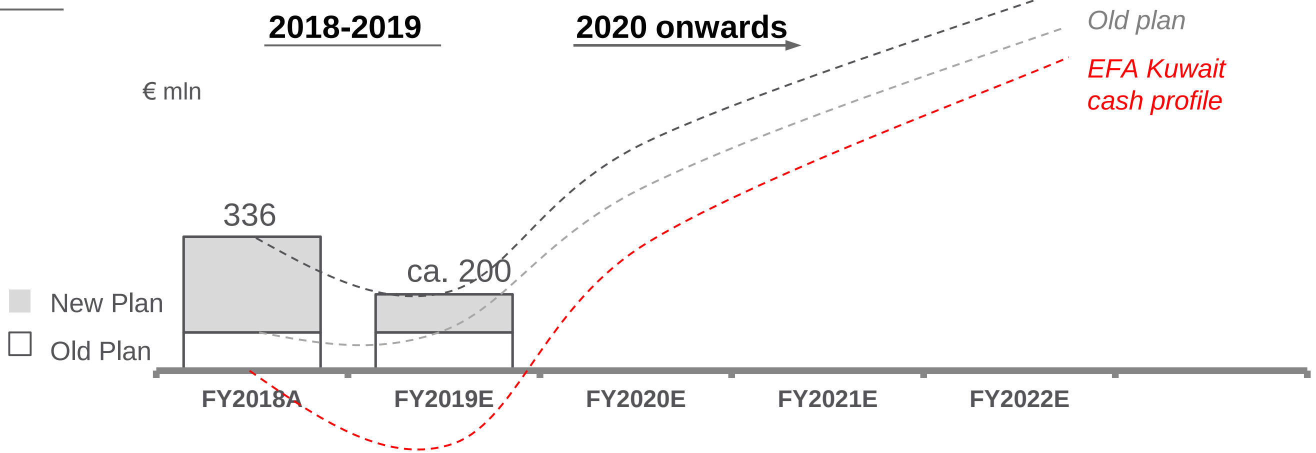
- Material step up in 2020 FOCF driven by:
  - EFA Kuwait deliveries
  - Improving profitability throughout the Group
- Growing cash flow conversion rate beyond 2019

FOCF

2015-2018

Cash flow conversion rate*

58%



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

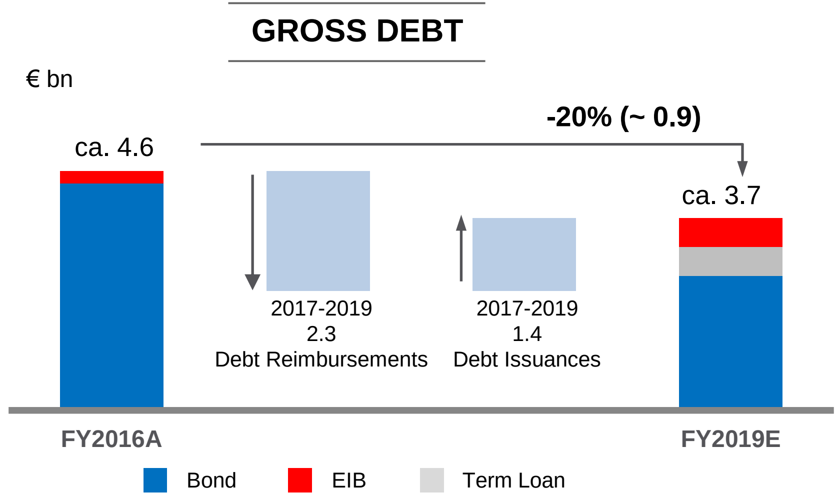
Reduced gross debt and cost of funding

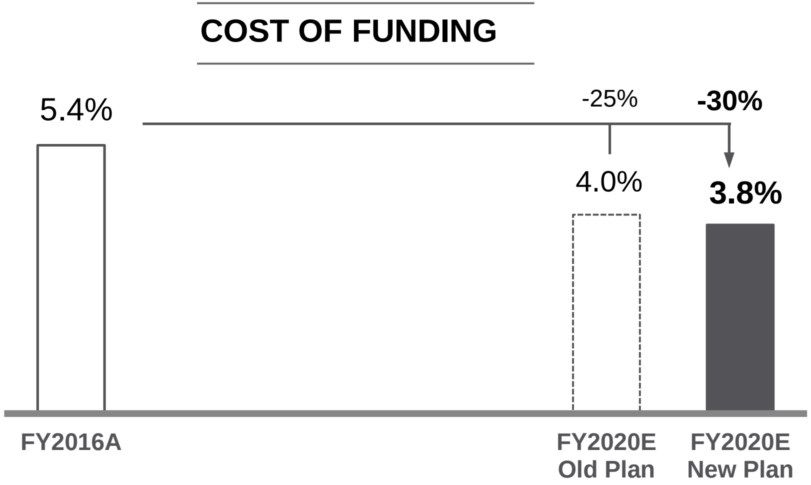
- **Reduced Gross Debt by 20%**[1] one year earlier than forecasted through cash generation
- **Diversified Funding Pool**

- **2018 Leverage Ratio**

  Net Debt / EBITDA: **1.6x**

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





1 Excluding IFRS 16 adjustments

Committed to investment grade

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Electronics: a gem in the crown

Norman Bone

MD Electronics Division

London, 14 March 2019

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Key Messages

- **Our biggest Division, 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
- **High quality businesses with real momentum**
- **Delivering on promises to execute to schedule**
- **Significant opportunity ahead**
  - Double digit profitability
  - Cash conversion well above Group average
  - CAGR in excess of market trend
  - Delivering long term sustainable growth

Agenda

1. **The change**
2. **The rationale**
3. **The journey**
4. **The plan**
5. **The benefit**

Creating the biggest division in the our portfolio…

On 1st February 2019 Leonardo creates a new Electronics Division, 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

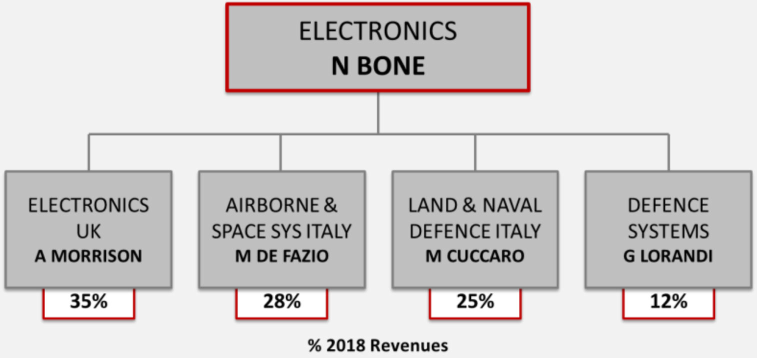
- Long term strategic direction
- Execution issues to be addressed

Cyber outside division – specific focus area

Addressed historical inconsistencies

- E.g. air traffic control

Created the right structure to enhance commercial performance



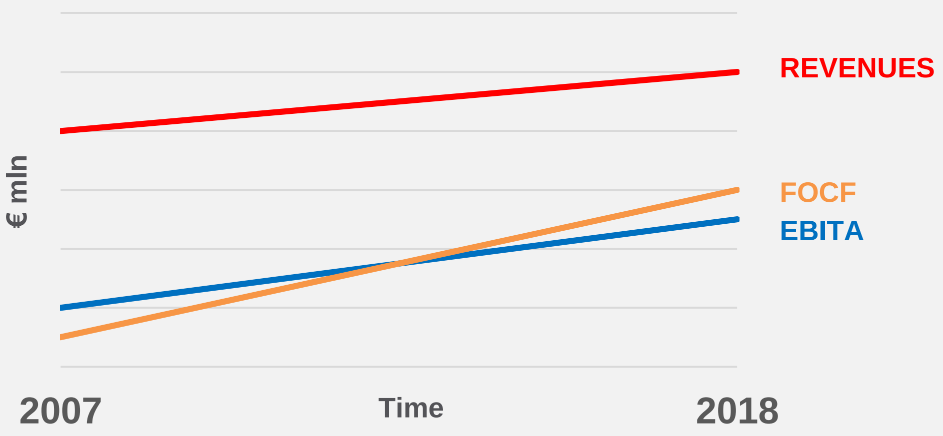
One Electronics Division within One Leonardo

The rationale of the change…

- **Evolving customer engagement approaches**
- **Increasingly complex end user mission requirements**
- **International cooperation / partnerships**
- **System and service solution offerings**
- **Need to maximise synergies and optimise investment**

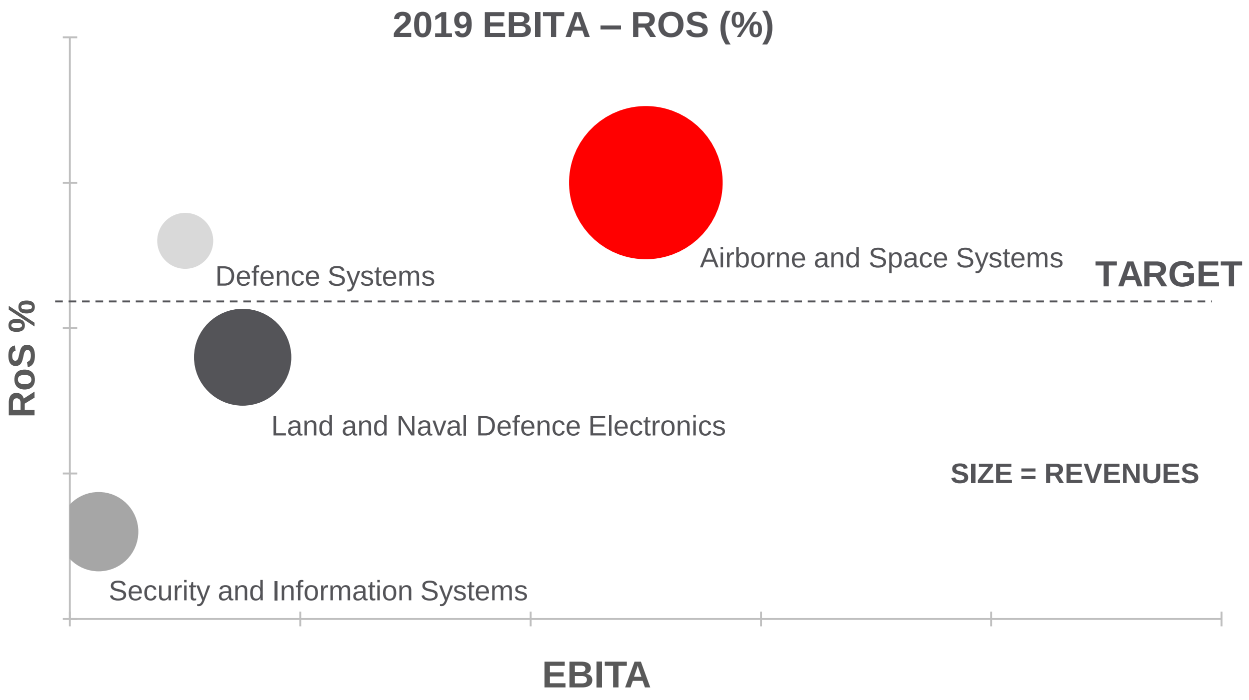
Airborne and Space Systems: Successful transformation from good to great

- Typhoon
  - 65% of Typhoon avionics
  - 50% of divisional revenues
- Identified our product strategy
  - Developing single use products
  - Developing platform agnostic products
- Built strategic partnerships
  - E.g. Large Platform Primes
- Merchant supplier status
- Delivered on promises
  - Took strong engineering
  - …and embedded project management disciplines
- Clear financial benefits
  - Revenues up 40%
  - FOCF improved 4x



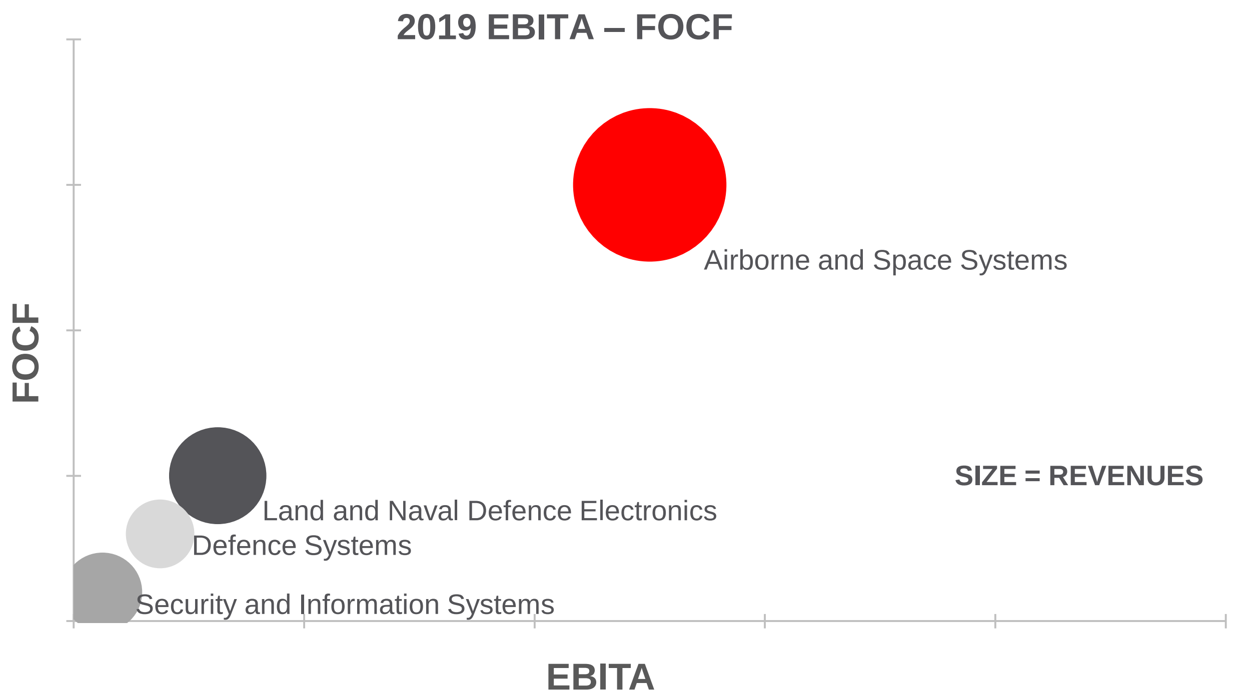
Continuous improvement leading to sustainable growth

Our path to double digit profitability…

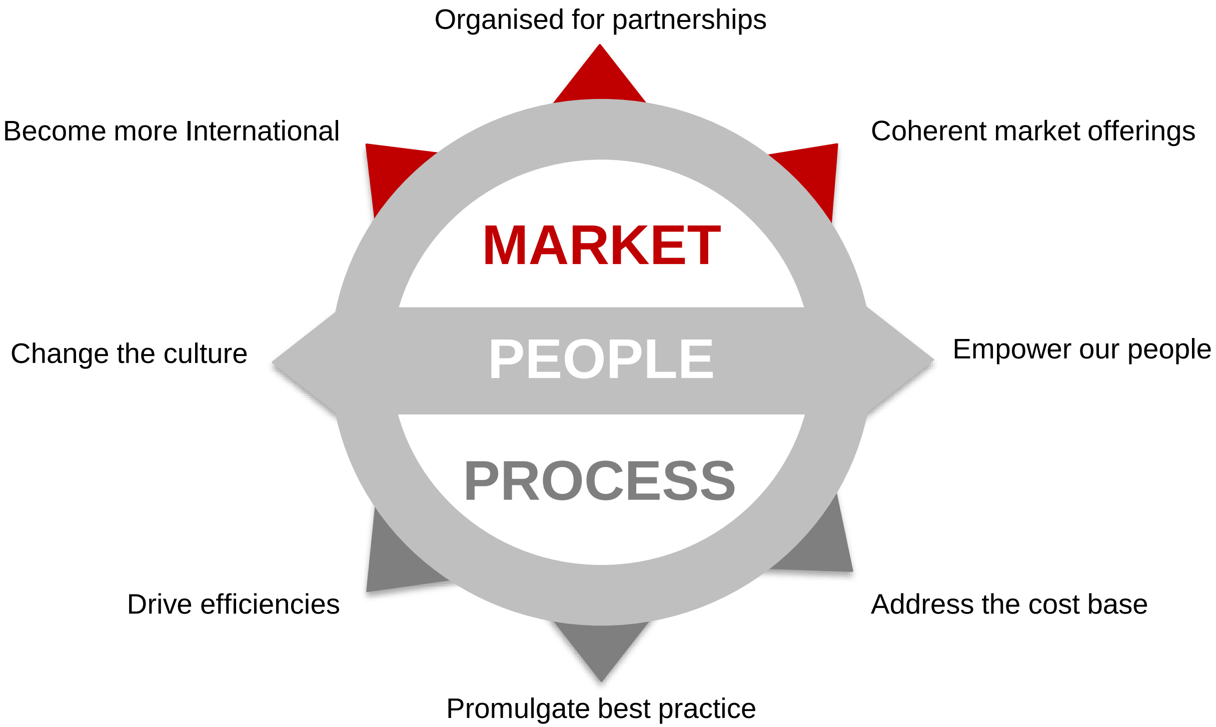


Consistency of delivery to underpin the Industrial Plan

…by driving best practices and focusing on delivery



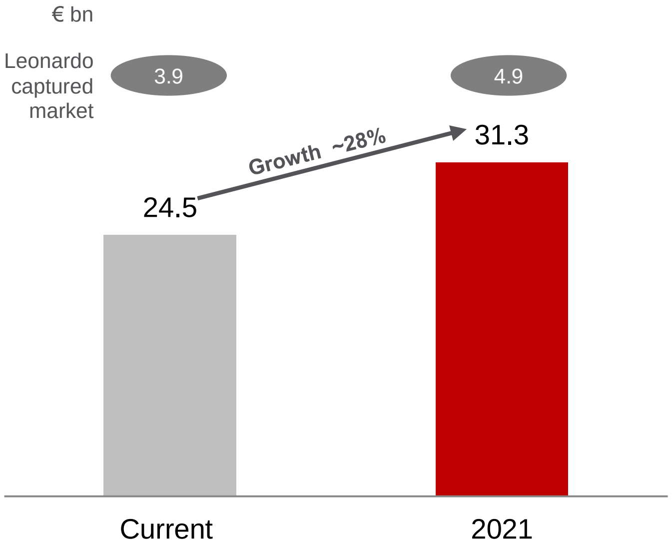
How we are going to do it…



Fully focused on people, delivery and execution

Achieving our full potential…

ELECTRONICS ACCESIBLE MARKET



LEVERAGING SUCCESS AND EXPLOITING OPPORTUNITIES

- Longevity of Typhoon
- Tempest
- Future Capabilities
- Future Support Models
- Partnerships
- Addressing the Export Market

Customer and export focus

Key Messages

- **Our biggest Division, addressing the largest part of the A&D market**
- **Bringing Business Units together to make them stronger, through:**
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- **High quality businesses with real momentum**
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- **Significant opportunity ahead**
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Helicopters: delivering on promises

Gian Piero Cutillo MD Helicopters Division

London, 14 March 2019

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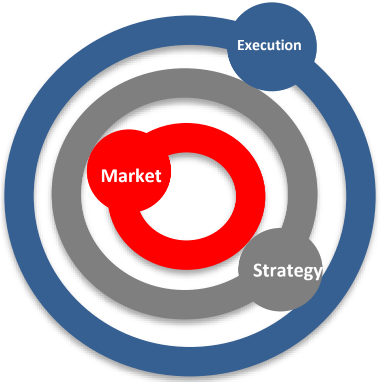
Helicopters on track for sustainable growth

Fully aligned to Industrial Plan ambition and objectives

- Winning in opportunistic military market
- No.1 in slightly growing civil market – 40% value share
- Growth supported by increasingly international Customer base
- Progress underpinned by stronger offer for Customer Support & Training
- Targeted investment in our future products and services
- Increased financial discipline and agile industrial response
- Growth delivering positive economic results with improving profitability



Winning in highly opportunistic military market

Significant contracts awards in military market in 2018

>€3bn
NH90 Qatar contract

- 28 NH90 (16 for land operations and 12 for naval missions), Customer Support & Training and Infrastructure
- Leonardo to act as prime contractor

~$1.4bn
MH-139 by U.S. Air Force

- To replace UH-1N fleet
- Indefinite Delivery Indefinite Quantity contract for up to 84 helicopters, training devices and associated support equipment (Soft Backlog)
- Initial operational capability by 2021

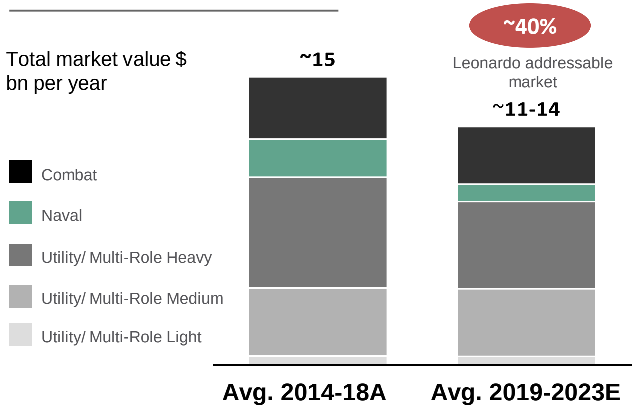
€ 280 mln
AW169M with Guardia di Finanza

- Launch customer for the AW169M, with purchase of 22 helicopters for homeland security and rescue operation
- Includes training, spare parts and options for additional €100 mln

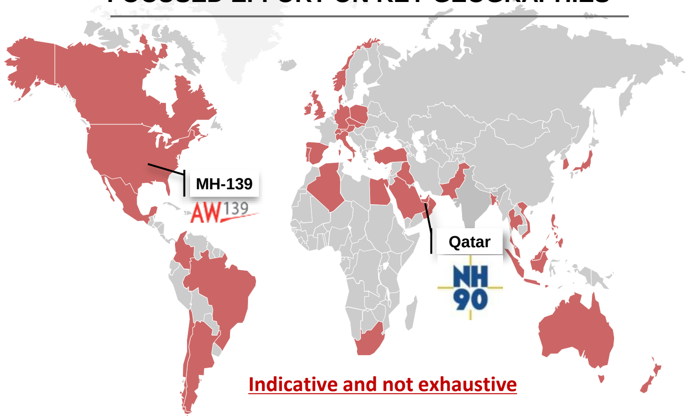
Winning in a highly opportunistic market

Focused sales effort in critical geographies

GLOBAL MILITARY MARKET



FOCUSED EFFORT ON KEY GEOGRAPHIES



- Opportunistic market, **slight contraction** in the market expected:
  - Military budget constraints & committed programmes tailing off
  - Limited visibility on new procurement cycles timing
- Leonardo current **addressable market is ~40%** of global market

- Leonardo **focused sales effort on key campaigns**:
  - Consolidating of the current Customers base
  - Penetrating new geographies
  - Leveraging on competitive dual use and specialised platforms

No.1 in Civil market

Significant contracts awarded in civil market in 2018

15 AW139s
SINO-US

- > € 150 mln order with SINO-US (China)
- Framework agreement for the supply of additional 160 helicopters, accounting for more than € 1 bn
- Additional 26 helicopters sold in China
- 70% market share in the fast growing Chinese HEMS market

21 AW139s
Saudi Aramco

- Offshore and Search and Rescue configurations
- Deliveries in the 2018-2020 period

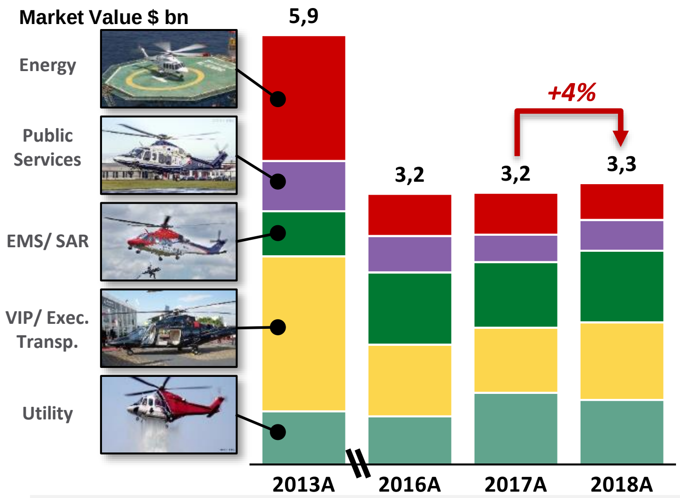
Success in all dual-use platforms

- Strong market recognition of all our Civil platforms (AW119, AW109 family, AW169, AW139 and AW189)
- Significant sales to multiple customers leveraging our configurability and operational capability in multiple roles

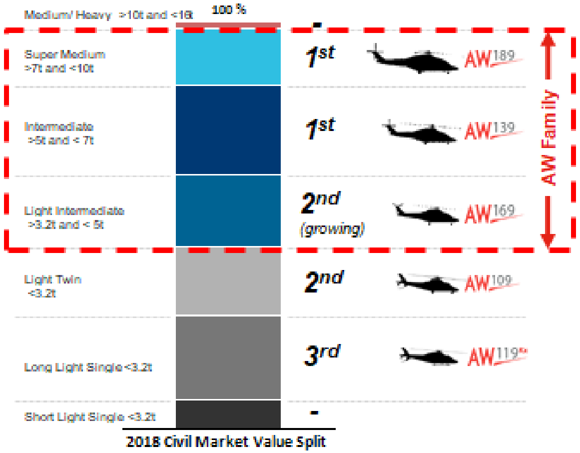
No.1 in Civil market

Leonardo focus on attractive segments

CIVIL MARKET BY ROLE



LEONARDO 2018 SHARE RANKING



- Slight recovery of the Civil Market
  - **2018 market growth +4%**
- Growth has been achieved **mainly in the 3,2-10 tonnes class** and, secondly, in the Short Light Single
- **EMS** and **VIP** experienced higher positive momentum

- **40% value share in 2018** (vs < 35% in 2017)
- **No.1 OEM in US civil revenues** – second year in a row
- **> 40% share in the VIP multiengine** market
- **Trekker** increasing penetration in **Light Twin**
- **Targeted presence in light classes** – Utility, EMS and VIP

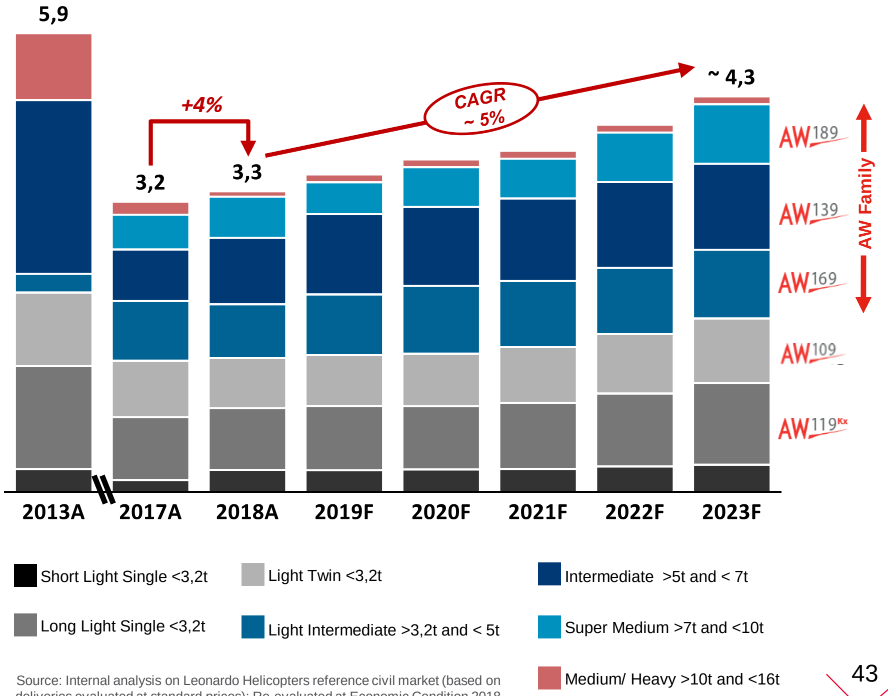
No.1 in Civil market

Leonardo focus on attractive segments

- **~ 5 % CAGR** expected in the **next five years**
- **US** and **EU** will remain the **most important markets**
- **Asia** expected **to grow materially**
- **Leonardo focused on attractive roles, segments and geographies**:
  - **EMS/ SAR**, **VIP** and **Utility**
  - In the **3.2 – 10 tonnes class**, expected to grow with a **6% CAGR**, our product family (AW169, AW139, AW189) offers **best value for money**
  - Higher **Trekker contribution**
  - Investing in **key geographies**

CIVIL HELICOPTERS MARKET FORECAST

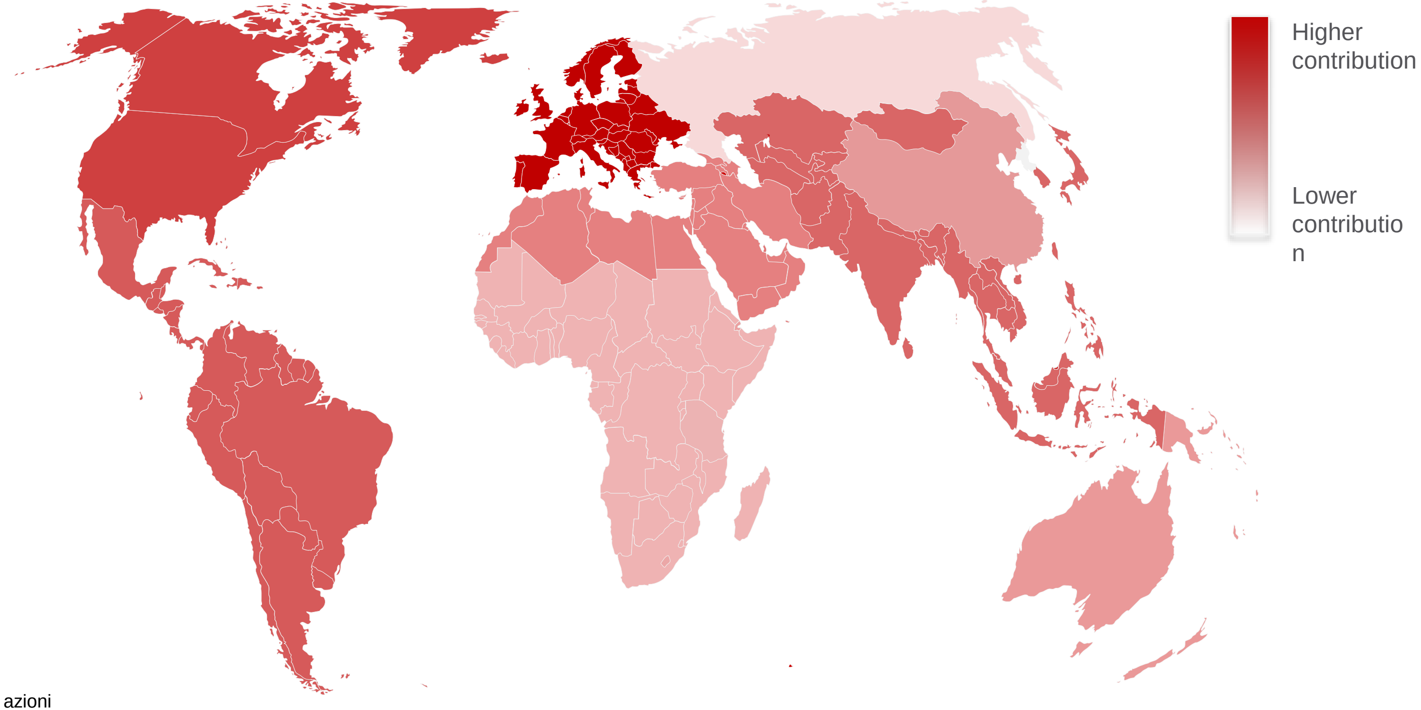
Market Value $ bn



Source: Internal analysis on Leonardo Helicopters reference civil market (based on deliveries evaluated at standard prices); Re-evaluated at Economic Condition 2018

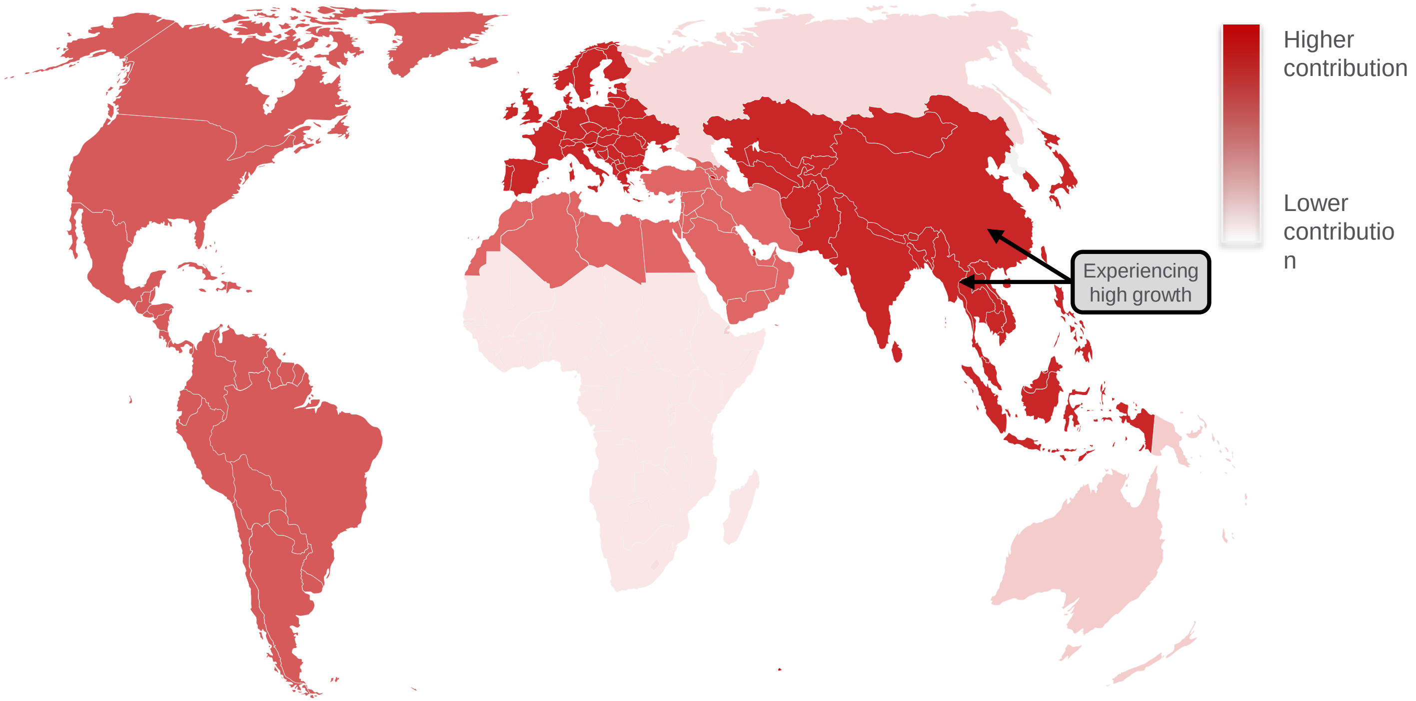
Growth supported by an increasingly international Civil customer base…

LEONARDO CIVIL HELICOPTERS IN SERVICE FLEET DISTRIBUTION BY MACRO REGION



… strengthening in new geographies, especially in Asia

LEONARDO CIVIL HELICOPTERS ORDER BOOK DISTRIBUTION BY MACRO REGION



Progress underpinned by Customer Support & Training offer

Strengthened our offer in 2018

- **Customer satisfaction:** ranked **1st in Product Support** by 2019 Pro-Pilot Survey
- **Digital services**: new and **enhanced portfolio** with a community of **10,000+ user**
- **Advanced services:** **450+ civil helicopters** enrolled into **Power by the Hour**
- **Expanding global footprint:** **100+ Service & Repair Centres**
  - New **Gulf of Mexico Support Center** in Lousiana
  - New **warehouse in Vergiate**
- **Customer proximity:** **100+ onsite technical representatives**
- **Mission effectiveness and safety:** **featuring new training systems assets and portfolio in 2018**
  - **41,000+ Simulator Training Hours** flown (vs 2,900 in 2006)
  - **10,000+ students** (vs. 600 in 2006)

Targeted investment in our future products and services

Continued innovation in Helicopters, Tiltrotors, and RUAS

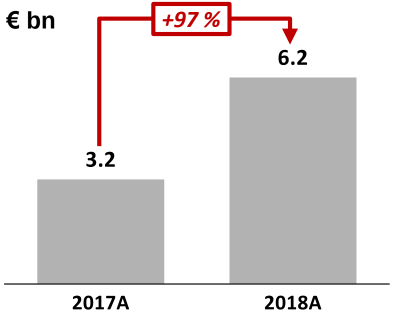
- Modern helicopter range with inherent growth potential
- Going green – active MRB, electric TRB
- Studying the helicopter of the future (HEMS)

- Tiltrotors for unmatched performance
- Clean Sky2 NEXTGEN under development
- Scalable technology

- RUAS systems with unique integrated capabilities
- AWHERO progressing towards certification
- Scalable technology

Growth delivering positive economic results with improving profitability

ORDER INTAKE

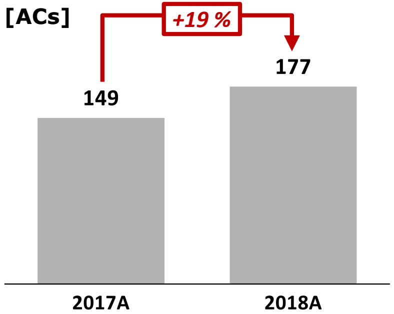


Expected materially higher than 2017 and 2018

(net of Qatar effect)

2019

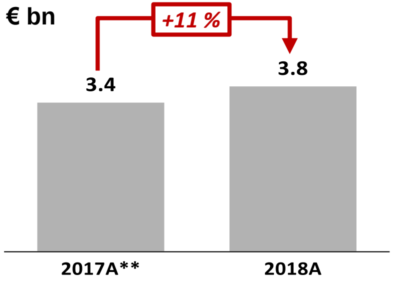
DELIVERIES*



Expected in line with market growth

2019

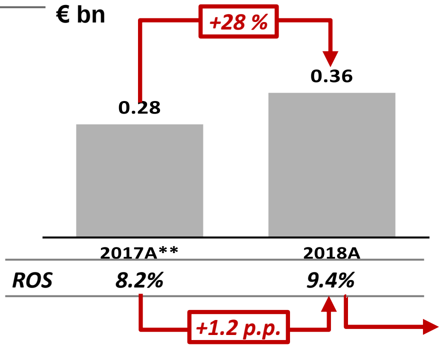
REVENUES



Industrial Plan objective of ≥ 5% CAGR

2017-20

EBITA



ca.10% 2020

Industrial Plan objective of ≥ 10% CAGR

2017-20

* Only new aircrafts; excluded preowned and kits ** Restated

Aircraft: a strong strategy to deliver the Industrial Plan in a high growth market

Lucio Valerio Cioffi MD Aircraft Division

London, 14 March 2019

LEONARDO

Investor Relations & Credit Rating Agencies - ESG

Great position in high growth market

- **We operate in a materially high growth market**
- **Strong and comprehensive product range**

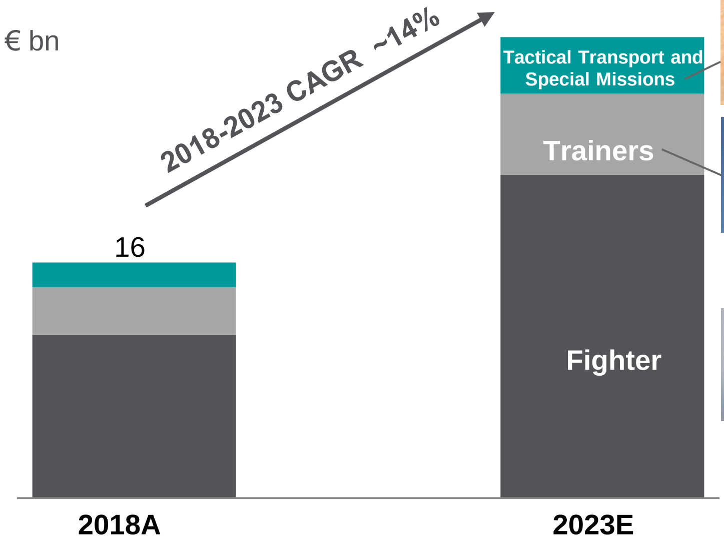
Strong Backlog	Revenues	Profitability
~€11bn	~€2bn	>10%

- **Leveraging our strong product portfolio and enhancing services**

…Strongly growing revenues and profitability

Double digit growth in military aircraft markets

REFERENCE MARKET



2019-2023 Target Market ca. € 130 bn

Source: Leonardo estimates based on HIS Jane's forecast International teal

Fighter market

- Opportunities in Asia, Far East and Middle-East

Trainers market

- Opportunities for Light Attack Versions (Dual Role Capability) and Integrated Training Services
- Sweet spot of the Integrated Training Services (phases II, III and IV)

Tactical Transport and Special Missions market

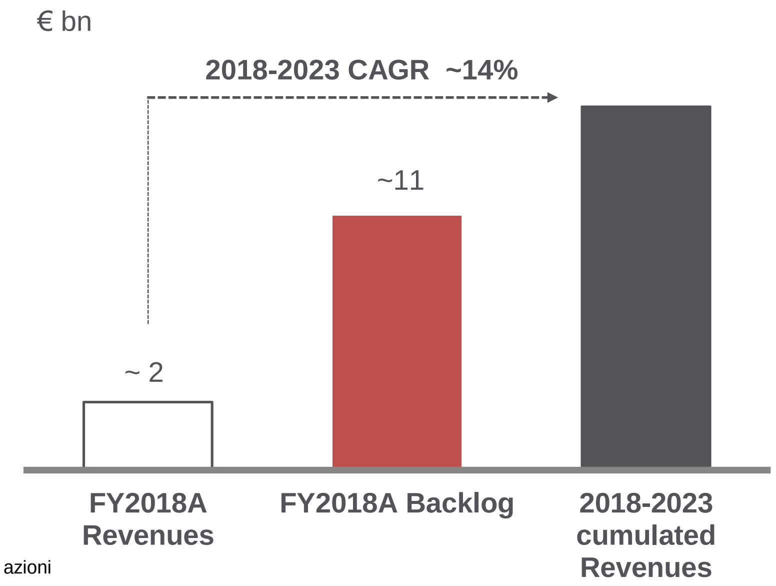
- Growth sustained by replacement of old fleets and new threats

Long term Revenue visibility from very significant Backlog and additional high potential opportunities

REVENUE GROWTH UNDERPINNED BY BACKLOG







OPPORTUNITIES TO GROW BACKLOG FURTHER

- Strong Backlog supporting long term visibility
- Over 100 market opportunities in addition to baseline business plan
- Robust growth underpinned by fighter segment, Integrated Training Systems and services
- TX was only an opportunity but the foreseen market is still there

We have the right portfolio to deliver growth

Best in class aircraft portfolio ready to serve market demands

International Collaborations (Fighters)


EUROFIGHTER


JSF F-35


F-35 MRO&U HUB

Trainers


M-346 AJT

IFTS (2019)


M-345 HET (2020)


M-346 LFFA (2021)

Tactical transport & Special missions


C-27J


ATR Special Missions


C-27J Multimission

Leading the evolution of customer assets and processes through continuous service innovation and partnership approach based on a Customer-Centric Attitude

From platforms to services: complimentary meaningful and profitable growth

- Delivering **world-class services** and **capabilities** to our customers
- > **1,100** aircraft supported in **~30** countries worldwide
- Industrial collaborations worldwide
- **~25%** of aircraft division turnover and more than **30%** of its profitability
- Full spectrum of **support**, **services** and “enlarged” **training solutions** for proprietary and non-proprietary products (e.g. F35 MRO&U, C-130J, AWACS)
- Increase use of **digitalisation** (big data analysis and customer demand forecasting)
- Opportunities related to **continuous functional upgrade** of the existing platforms (such as C-27J) to support our customers in competing against new operational scenarios

We are thinking and working on the future…

EUROMALE 2025

Technologies

- Hybrid/Electric Propulsion
- Virtual Pilot
- Highly automated Assembly
- Digital Twin
- Integrated Vehicle Health Management (IVHM)

Eurofighter Long Term Evolution

European 6th Generation Fighter

A real collaboration among the European industry with customers to provide future growth opportunities

Strong Outlook

- **Great growth potential** in the markets we serve supported by a strong and **comprehensive product range**
- **Very significant backlog** with plenty of opportunities to make it biggest still
- **Best-in-class aircrafts** already in the market, complemented by our **integrated training services**
- **Balanced portfolio** set to deliver growth over the start, medium and longer term
- **Cash flow generation** with solid **double digit profitability**

Confidence in translating growth into profitability and cash flow generation

DRS: growth outlook

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

London, 14 March 2019

LEONARDO

Investor Relations & Credit Rating Agencies - ESG

DRS contributing to Leonardo’s Industrial Plan targets

US defence Budget continues to increase

- Projected increases in U.S. defence spending supports sustained revenue growth throughout the five-year plan

DRS well positioned in the market

- DRS revenue growth outperforming U.S. defence market
- Product alignment within Pentagon’s major priorities driving results
- Opportunity to accelerate growth through International sales to U.S. allies

Profitability growth

- Current profits growing at double digit rates
- Stable 7-8% margins through 2018 (excluding TX bid costs)
- Converting existing ‘soft Backlog’ will increase revenue faster than costs
- Transitioning development programmes into higher margin production programmes
- Identifying additional efficiencies to reduce costs

DRS poised to continue growth and expand margins

U.S. defence budget provides opportunity for continued DRS growth through 2023

FY 2020 Pentagon budget provides $ 718 bn, an increase of +4.9% over FY 2019

- $ 104.3 bn supporting R&D programmes and $ 143 bn for procurement of new equipment

DRS will benefit from opportunities in the Army Procurement budget of $ 25 bn through:

- Advanced electronics
- Network systems
- Vehicle protection systems
- Aircraft survivability

DRS will benefit from opportunities in the Navy Procurement budget of $ 61 bn through:

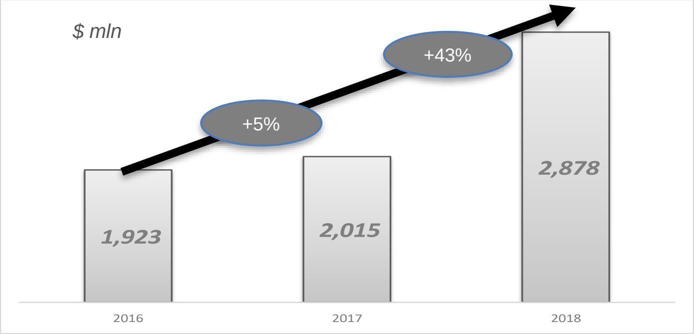
- Shipboard electronics
- Power and propulsion
- Aircraft survivability

DRS well positioned to capitalise on U.S. defence budget increases

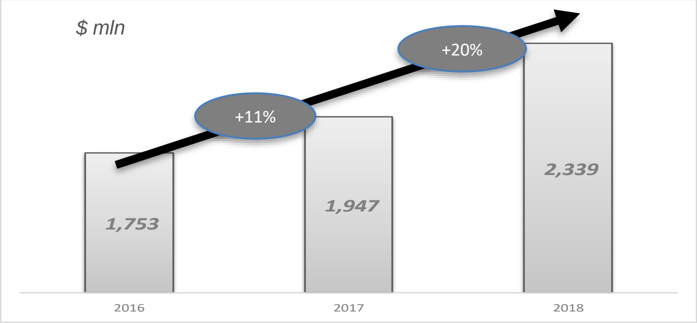
LEONARDO

Growth: DRS outperforming US defence market

NEW ORDERS CONTINUE ABOVE MARKET



REVENUE TRENDS EXCEED US defence MARKET



DRS ALIGNED IN HIGH GROWTH SEGMENTS

Army Electronics & Sensors

- Product alignment within Army's key modernization priorities fuelling continued growth
- **2018 Revenue Growth – 26%**
- **2017 Revenue Growth – 35%**

Long Range Electro-Optics/Infrared

Platform Computing

Protection & Countermeasures

Naval Systems

- Provides power propulsion and control technology as well as shipboard electronics and computing on the Navy's highest priority platforms
- **2018 Revenue Growth – 32%**
- **2017 Revenue Growth – 7%**

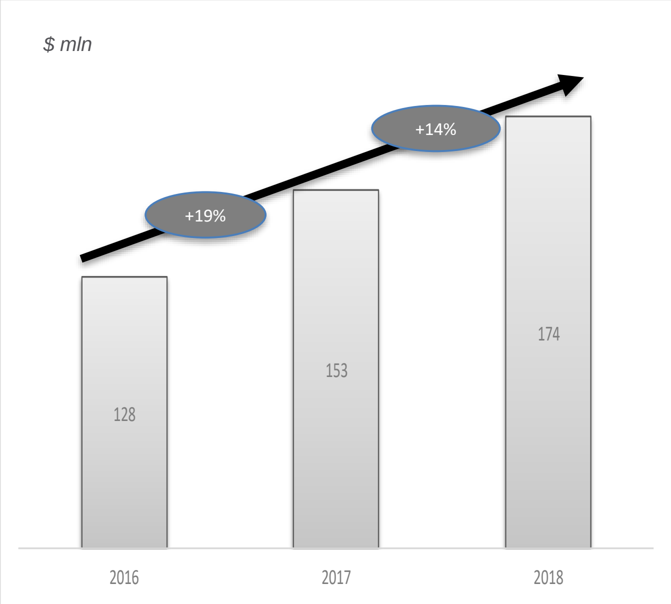
Naval Computing & Combat Systems

Propulsion Systems

Power Conversion, & Distribution

Driving Improving Profitability

DOUBLE DIGIT EBITA GROWTH



EBITA (excluding TX Investment)

MARGIN EXPANSION

- **Stable EBITA 7-8% margins excluding TX investment 2016-2018**
- **Creating efficiencies to improve profit**
  - Eliminated management layers
  - Facility optimizations
  - Portfolio shaping
  - Focused investing
- **Product life-cycle transition from development type efforts to production on our 'soft Backlog' supports margin expansion**
- **Increased EBITA margins drive free cash flow generation**

DRS to deliver +10% operating margins during the plan period

Q&A

THANK YOU FOR YOUR ATTENTION

SECTOR RESULTS

Helicopters

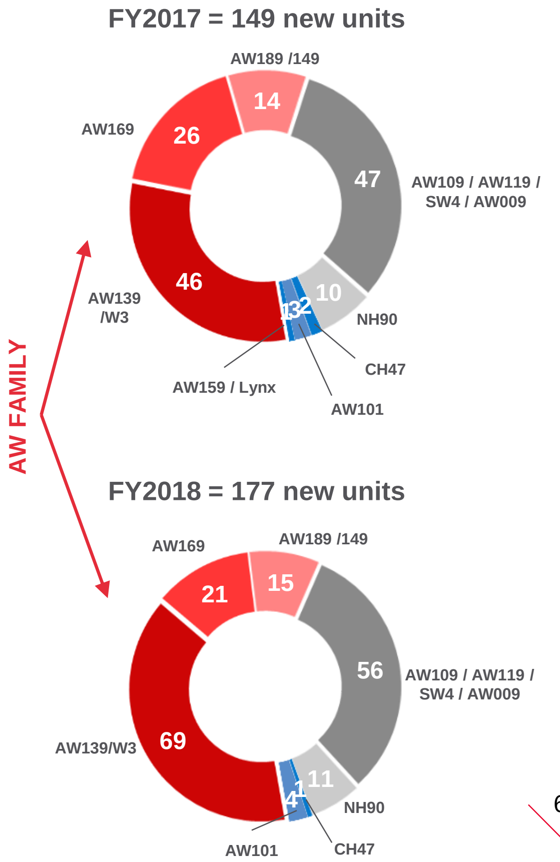
Well positioned to capture growth opportunities

€ mln	4Q 2017 Restated	4Q 2018	4Q % Change	FY 2017 Restated	FY 2018	FY % Change
Orders	1,443	1,523	5.5%	3,153	6,208	96.9%
Revenues	1,025	1,154	12.6%	3,438	3,810	10.8%
EBITA	50	142	184.0%	281	359	27.8%
RoS	*4.9%*	*12.3%*	*+7.4 p.p.*	*8.2%*	*9.4%*	*+1.2 p.p.*

2019 OUTLOOK

- Well placed in most attractive segments
- Profitability strengthening; back to double digit in 2020
- Continuing industrial processes optimisation to improve competitiveness

DELIVERIES BY PROGRAMME



LEONARDO

Electronics, Defence & Security Systems

Remain strong

Electronics EU

€ mln	4Q 2017 Restated	4Q 2018	4Q % Change	FY 2017 Restated	FY 2018	FY % Change
Orders	1,345	2,448	82.0%	4,388	4,409	0.5%
Revenues	1,331	1,408	5.8%	3,855	4,011	4.0%
EBITA	203	176	-13.3%	408	394	-3.4%
RoS	*15.3%*	*12.5%*	*-2.8 p.p.*	*10.6%*	*9.8%*	*-0.8 p.p.*

DRS

$ mln	4Q 2017 Restated	4Q 2018	4Q % Change	FY 2017 Restated	FY 2018	FY % Change
Orders	475	930	95.8%	2,016	2,880	42.9%
Revenues	629	798	26.9%	1,947	2,339	20.1%
EBITA	61	67	9.8%	146	151	3.4%
RoS	*9.7%*	*8.4%*	*-1.3 p.p.*	*7.5%*	*6.5%*	*-1.0 p.p.*
EBITA excluding TX costs	63	67	6.3%	153	169	10.5%

Avg. exchange rate €/$ @ 1.1450 in FY2018
Avg. exchange rate €/$ @ 1.1293 in FY2017

2019 OUTLOOK

- 2019 revenue volumes expected to increase
- Profitability improvement
- DRS benefitting from positive market trends

Aeronautics

Aircrafts positive outlook offsetting lower ATR and Aerostructures

€ mln	4Q 2017 Restated	4Q 2018	4Q % Change	FY 2017 Restated	FY 2018	FY % Change
Orders	652	1,149	76.2%	2,615	2,569	-1.8%
Revenues	918	871	-5.1%	3,093	2,896	-6.4%
EBITA	116	161	38.8%	311	328	5.5%
RoS	*12.6%*	*18.5%*	*-0.8 p.p.*	*10.1%*	*11.3%*	*-0.8 p.p.*
EBITA excluding TX costs	107	161	50.5%	311	335	7.7%
RoS excluding TX costs	*11.7%*	*18.5%*	*-0.8 p.p.*	*10.1%*	*11.6%*	*-0.8 p.p.*

2019 OUTLOOK

- Higher revenues compared to 2018
  - Aircraft production increase (especially correlated to the EFA Kuwait contract)
- Good levels of profitability supported by
  - Solid Aircraft performance
  - Aerostructures unsatisfactory levels benefitting from efficiency improvement

Space

Stable outlook

€ mln	4Q 2017 Restated	4Q 2018	4Q % Change	FY 2017 Restated	FY 2018	FY % Change
EBITA	39	27	-30.8%	72	58	-19.4%

2019 OUTLOOK

- Revenues and operating profit expected in line with 2018

APPENDIX

4Q/FY 2018 Results

Group Performance

€ mln	4Q 2017 Restated	4Q 2018	4Q % Change	FY 2017 Restated	FY 2018	FY % Change
New Orders	3,650	5,734	*57.1%*	11,595	15,124	*30.4%*
Backlog				33,507	36,118	*7.8%*
Revenues	3,686	4,000	*8.5%*	11,734	12,240	*4.3%*
EBITA	383	488	*27.4%*	1,077	1,120	*4.0%*
RoS	*10.4%*	*12.2%*	*+1.8 p.p.*	*9.2%*	*9.2%*	-
EBIT	282	343	*21.6%*	844	715	*-15.3%*
EBIT Margin	*7.7%*	*8.6%*	*+0.9 p.p.*	*7.2%*	*5.8%*	*-1.4 p.p.*
Net result before extraordinary transactions	14	257	*1736%*	279	421	*50.9%*
Net result	14	247	*1665%*	279	510	*82.8%*
EPS (€ cents)	0.089	0.427	*379.5%*	0.482	0.881	*82.8%*
FOCF	1,509	1,136	*-24.7%*	537	337	*-37.2%*
Group Net Debt				2,579	2,351	*-8.8%*
Headcount				45,134	46,462	*2.9%*

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

IFRS 16

- IFRS 16 redefines recording methods of operating leases in the financial statements imposing a single recognition method for all types of leasing, with the consequent recognition in the balance sheet of the tangible assets and liabilities for future payments

- The main impacts deriving from the application of the new principle are:
  - recording of non-current assets equal to rights of use on tangible and intangible assets against existing leasing contracts
  - recognition of financial liabilities equal to the present value of future rentals

- The Group will apply this principle starting from 1st January 2019

- The estimated impact on the Group Financial Debt at 1 January 2019 will be ca. € 0.4 bn

Successful financing achievements

Term Loan Facility signed in November 2018 to refinance existing debt:

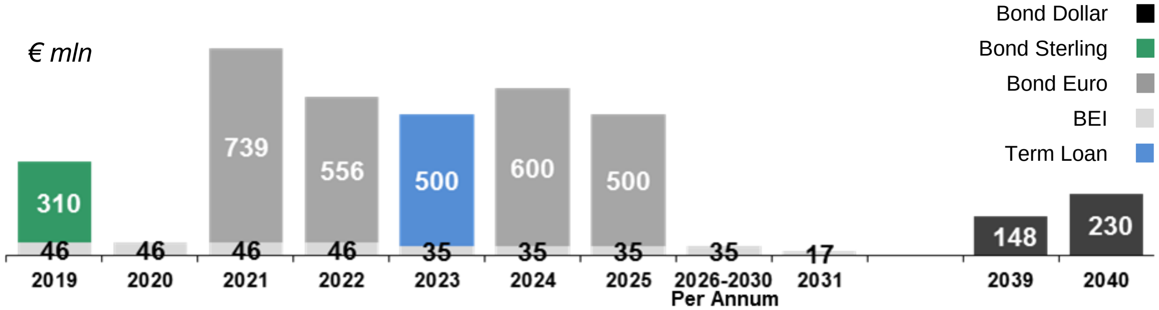
- **€ 500 mln** credit line
- **5 years** maturity
- **110 basis points** above 6 months Euribor
- **Bullet redemption** of total amount at maturity
- Same terms and conditions of Revolving Credit Facility

European Investment Bank (EIB) loan for € 300 mln signed in November 2018:

- To fund projects aimed to support **innovation** and **technological development**
- **4 main areas**:
    - Development of technologically advanced products
    - Cyber Security
    - Advanced Manufacturing
    - Production efficiency

Solid Financial Position as end of December 2018

DEBT MATURITY
Average life: ≈ 6 years[1]



Repayment Conditions of New Debt Instruments

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

CREDIT RATING

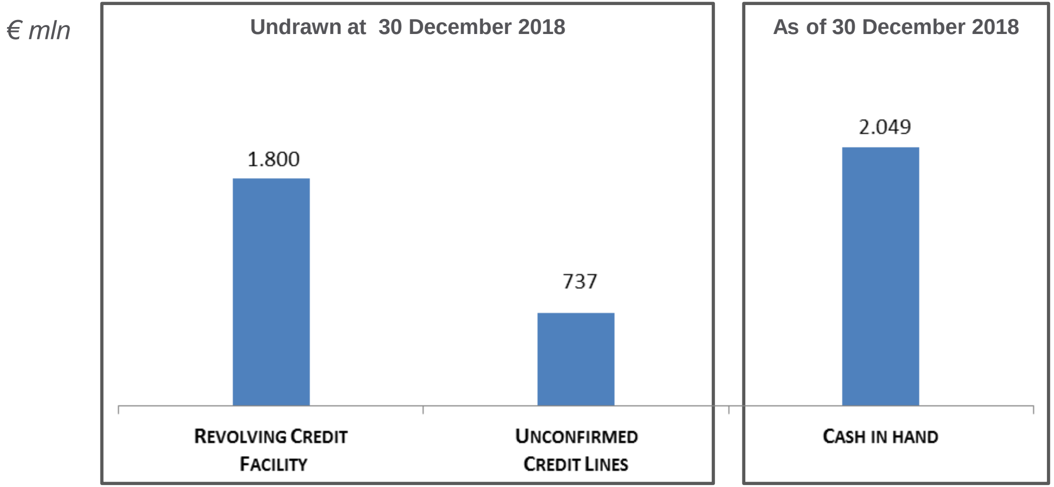
	As of today	Before last review	Date of review
Moody's	Ba1 / *Stable Outlook**	Ba1 / *Positive Outlook*	October 2018
S&P	BB+ / *Stable Outlook*	BB+ / *Negative Outlook*	April 2015
Fitch	BBB- / *Stable Outlook*	BB+ / *Positive Outlook*	October 2017

**Moody's stated that this review is not due to Leonardo's stand-alone credit rating but is the consequence of Italy's country downgrade*

Availability of adequate committed liquidity lines as at 31 December 2018

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

- 31 December cash balance of € 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 € 2.6 bn to support Leonardo's commercial activity



Tenor	July 2023	12 months	
Margin	75 bps [1]	~30 bps [2]	

1 *Based on rating as of 31/12/2018*

2 *Average. Expected to be renewed at maturity*

Development costs capitalised as intangible assets as at 31 December 2018

€ mln	Self Funded National Security	Self Funded Other	Total
01 January 2018 restated[1]	**1,641**	**459**	**2,100**
Gross R&D capitalised	196	47	243
Depreciation and write offs	-78	-33	-111
Disposals	0	-1	-1
Other Changes	1	4	5
Net R&D capitalised	**119**	**17**	**136**
31 December 2018	**1,760**	**476**	**2,236**

1 IFRS15 restated

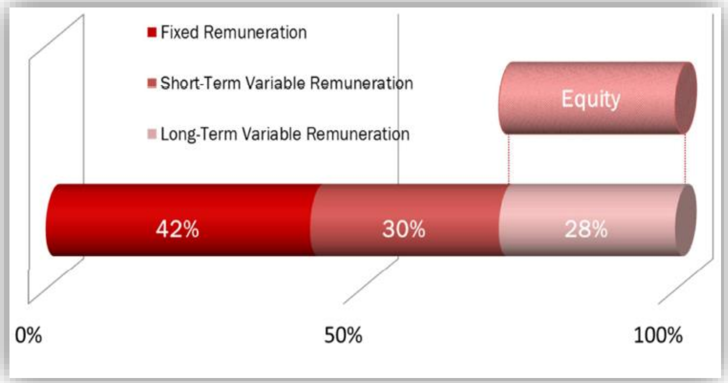
CEO REMUNERATION

Balanced Remuneration Policy

Aligned with shareholders interests

- **Clear link between pay and degree of achievement of targets**
- **Aligning the remuneration package with international market best practices**
- **Reducing risk-oriented behavior**
- **Attracting / retaining resources regarded by the Company as key performers**
- **Complying with transparency and merit system embedded in Leonardo strategy**
- **Including Sustainability/ESG objectives, consistently with business strategy**

CEO REMUNERATION



CEO performance: Management by Objectives

MBO remuneration is paid in cash on a yearly basis

TARGETS

Group EBITA	Group FOCF	Sustainability	Industrial Plan Objectives
30% of REM	**30% of REM**	**10% of REM - ON/OFF**	**30% of REM**
		Linked to the inclusion of Leonardo in Dow Jones Sustainability Indexes	3 specific KPIs 1. 2018 business performance of Helicopters and Aerostructures 2. Technology Innovation: implementation of strategic projects, creation of UAVs Business Unit and Training Academy business case 3. Book to Bill ≥1

Remuneration scheme: methodology

CLAW-BACK CLAUSE

- Provided for all the variable incentives assigned starting from 2014
- Leonardo is entitled to request repayment of the variable remuneration paid in the event of incorrect or misstated data

SEVERANCE

- If CEO appointment is:
  - revoked
  - terminated early
  - terminated by CEO with just cause
- He will receive the total remuneration (fixed and variable elements) as would have been until the natural expiry of the term of office (descending down to zero upon natural expiry)

TSR PEER Group (LTIP)

- Leonardo's performance will be measured in relation to a "peer Group" selected on comparability
  - Aerospace and Defence companies
  - Industrial companies in the FTSE MIB

Long Term Incentive Plan (LTIP)

BENEFICIARIES

- Chief Executive Officer
- Executive directors, employees and/or associates with a decisive impact on the achievement of business results (210 people)

FREQUENCY

- 3 year cycles assigned yearly on a rolling basis

AWARD

- Max 53.6% € 500.000 CEO
- Max 140% of gross annual remuneration ESR

LOCK UP

- 1 year

VESTING PERIOD

- 3 year

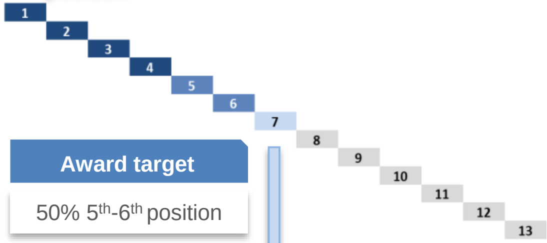
PAYOUT

- Shares only for Management, Key Management Personnel and other Top Executive
- Shares & Cash for other Beneficiaries (70% shares and 30% cash or vice versa)

LTIP Performance conditions

TSR Relative
50%

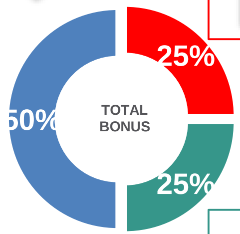
Award max
100% of bonus ≥ TSR of company at the Top 4 position



Award target
50% 5th-6th position

Award min
25% 7th position

Relative (peer)
Saab, Bae Systems, Thales, Cobham , Meggitt, L-3, Textron, Huntington Ingalls, CNH, Prysmian, Saipem, Fincantieri



RETURN ON SALES OF THE Group
25%

Return on Sales measured as average of the final values of each year during the vesting period of the Plan

NET FINANCIAL POSITION OF THE Group
25%

Award min	Minimum threshold of 5% below budget (50% of bonus)
Award max	Maximum threshold equal to the budget (100% bonus)

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.

CONTACTS

Raffaella Luglini
Chief Stakeholder Officer
raffaella.luglini@leonardocompany.com

Valeria Ricciotti
Head of Investor Relations
and Credit Rating Agencies
+39 06 32473.697
valeria.ricciotti@leonardocompany.com

ir@leonardocompany.com

Manuel Liotta
Head of Sustainability
+39 06 32473.666
manuel.liotta@leonardocompany.com