

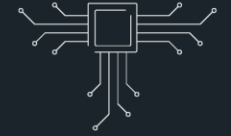


# ANNUAL SHAREHOLDER MEETING 2024

Roberto Cingolani, Chief Executive Officer and General Manager

Rome

17 May 2024



Electronics



Helicopters



Aircraft



Cyber &  
Security



Space



Aerostructures

# Agenda

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- **2023 Results**
- Business Performance
- New Industrial Plan 2024-2028
- Shareholding and share price update
- Appendix



# FY 2023 preliminary results: delivering on strategy and financial targets



Orders

**€17.9bn, +3.8%**

Ahead of FY 2023 guidance, with book-to-bill of 1.2x, reflecting strong commercial momentum



Revenues

**€15.3bn, +3.9%**

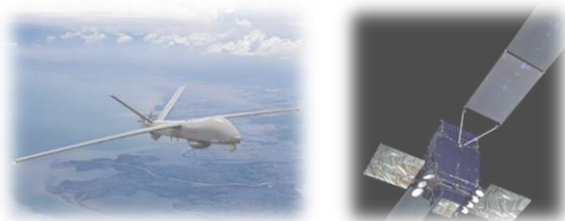
In line with guidance, delivering on our strong backlog



EBITA, margin

**€1.29bn, +5.8% YoY**

In line with guidance, margin of 8.4%



FOCF

**€635m, +17.8% YoY**

Ahead of guidance, topline growth with cost & investment discipline

NET DEBT

**€2.3bn, -23% YoY**

Ahead of guidance, improving in line with expectations



# Good strategic and financial progress in 2023

## 1 Reorganizing Leonardo




- Direct reports to CEO reduced from 26 to 10
- Appointed a new Chief Innovation Officer, Chief M&A and Strategy Officer, Chief Sustainability Officer and Cyber Division's Managing Director
- People Strategy focused on building a technology-based company

## 2 Relaunching Cyber and Space for a new concept of Defence




- Created a new Space business Division
- Telespazio fully consolidated in Leonardo's accounting from FY 2024
- Expected double digit growth for the future

## 3 Strengthening international alliances



- GCAP



- Land systems

## 4 Exit from non-core businesses



- Skydweller
- Industria Italiana Autobus (IIA)

## 5 Increasing financial flexibility



- Sold 8% stake in DRS in November 2023 through a secondary offering

## 6 Achieving investment grade rating



**S&P Global**  
BBB-

**MOODY'S**  
Baa3

**FitchRatings**  
BBB-



# Important progress towards ESG milestones in 2023

## Decarbonisation



- -9.5% Scope 1 & 2 market-based **emissions** vs 2022
- -7.5% **water withdrawal** vs 2022
- -2.3% **energy consumption** vs 2022
- Continued commitment to **SBTi**

## Innovation



- R&D as % of revenues at 14% vs 12% in 2022
- **Data computing power per capita** increased by 4.3% vs 2022
- **Data storage capacity per capita** increased by 13.9% vs 2022

## Diversity and inclusion



- Greater **gender balance** in top management
- **20%** of female managers out of total managers vs 19% in 2022
- **22.4%** **women hires with STEM degree** on total hires with STEM degree

## Commitment to sustainable finance



- **55%** of financial sources ESG linked



# FY 2023 Leonardo Spa Results

	€ mln		
	2022	2023	%
New Orders	9,060	11,789	30.1%
Backlog	25,866	27,426	6.0%
Revenues	9,556	9,937	4.0%
EBITA	525	564	7.4%
	<i>RoS</i>	<i>5.5%</i>	<i>5.7%</i>
EBIT	354	411	16.1%
	<i>EBIT Margin</i>	<i>3.7%</i>	<i>4.1%</i>
Net result before extraordinary transactions	1,701	841	(50.6%)
Net result/loss	1,701	784	(53.9%)
FOCF	484	322	(33.5%)
Group Net Debt	4,442	3,555	(20.0%)
Headcount	30,457	31,255	2.6%



# Proposal to the Shareholders' Meeting

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- The Company's Board of Directors resolved to submit the financial statements of Leonardo - Società per azioni at 31 December 2023 for approval to the Shareholders' Meeting, which closed net profit of Euro 783,697,113.66.
- In this regard, the Company's Board of Directors resolved to propose to the Shareholders' Meeting to allocate FY2023 net profit of € 783,697,113.66 as follows:
  - › as to € 39,184,855.68, equal to 5% of the profit, to legal reserve;
  - › as to € 0.28, on account of dividend, by paying it, including any withholding prescribed by law, as from 26 June 2024, with "detachment date" of coupon no. 14 falling on 24 June 2024 and "record date" (i.e. date on which the dividend is payable, pursuant to Art.83-terdecies of Legislative Decree no. 58 of 24 February 1998 and Art. 2.6.6, paragraph 2, of the Regulations for the Markets organized and managed by Borsa Italiana S.p.A.) falling on 25 June 2024; the above provisions refer to each ordinary share that will be outstanding at the detachment date of the coupon, excluding treasury shares in portfolio at that date, without prejudice to the regime of those that will be actually awarded, under the current incentive plans, during the current financial year.
  - › with regard to the remaining amount, to retained earnings.



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# Helicopters: robust performance with increasing pace of deliveries



€mln	2022	2023	Change
Orders	6,060	5,513	-9.0%
Revenues	4,547	4,725	3.9%
EBITA	415	422	1.7%
RoS (%)	9.1%	8.9%	-0.2 p.p.

## Highlights

- Continued good order development following a strong 2022
- 185 new helicopters delivered (149 units in 2022)
- Revenue growth driven by dual-use models and CS&T contribution (43% in 2023)
- Focussed cost actions offsetting inflationary pressures



# Defence Electronics: strong commercial performance with growth across all segments



## Electronics Europe

€mln	2022	2023	Change
Orders	5,628	6,521	15.9%
Revenues	4,712	4,907	4.1%
EBITA *	553	600	8.5%
RoS (%)	11.7%	12.2%	+0.5 p.p.

## DRS

\$mln	2022	2023	Change
Orders	3,156	3,516	11.4%
Revenues	2,693	2,826	4.9%
EBITA *	265	273	+3%
RoS (%)	9.8%	9.7%	-0.1 p.p.

### Electronics Europe

- Double-digit order growth, with major UK order of MK2 radars for RAF Typhoon fleet, update of 90 C1 Ariete tanks and JoC COVI
- Revenue growth driven by higher volumes across segments
- EBITA growth in main business areas, Cyber Security, and greater contribution of JVs

### DRS

- Strong orders, benefitting from key areas of strategic focus
- Revenue growth driven by multi-mission advanced sensing, naval and ground network computing programs
- Profitability reflecting contracts in developmental stage

\* Including proportional net income of MBDA and Hensoldt



# Aircraft: resilient margin and profit contribution



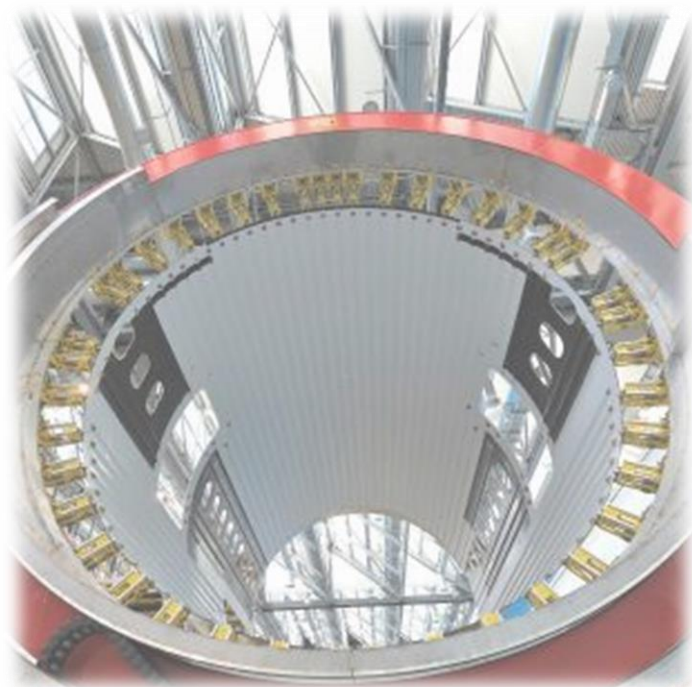
€mln	2022	2023	Change
Orders	2,800	2,395	-14.5%
Revenues	3,085	2,938	-4.8%
EBITA	421	419	-0.5%
RoS (%)	13.6%	14.3%	0.7 p.p.

## Highlights

- Solid order intake from Fighter jets and cargo aircraft
- Postponement of some export orders now expected in H1 2024
- Revenues reflecting YoY comparison with 2022, which benefitted from ramp up of EFA Kuwait
- Continued strong profitability, with ~70bps margin improvement led by EFA and JSF programmes



# Aerostructures & ATR: further progress in line with recovery plan



€mln	2022	2023	Change
Orders	420	644	53.3%
Revenues	475	636	33.9%
EBITA*	(189)	(151)	20.1%
RoS (%)	(39.8%)	(23.7%)	16.1 p.p.

## Highlights

- Orderbook development reflecting continued recovery in air traffic
- 39 fuselage sections and 32 stabilizers delivered for B787 program (22 fuselages and 13 stabilizers in 2022)
- Revenue growth from increased activity across business lines
- EBITA recovery on track
- Remain committed to breakeven by end 2025
- ATR: delivery of 36 aircraft (25 in 2022) with record year for Services revenue

\* Including ATR GIE



# Space: building blocks in place for new focussed division



## Pro-Forma for Telespazio consolidation

€mln	2022	2023	Change
Orders	780	763	-2.2%
Revenues	650	701	7.8%
EBITA *	63	53	-15.9%
RoS (%)	9.7%	7.6%	-2.1p.p.

## Highlights

- Telespazio to be consolidated following amendment of Space Alliance agreement with Thales
- Year-on-year decline in EBITA reflects difficult market environment in satellite manufacturing for commercial telecommunication markets
- Telespazio to benefit from growing demand for services, particularly in the Geo information segments and SatCom

\* Including proportional net income of TAS



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## The evolution of our KPIs

		2023 <sup>1</sup>	2028 <sup>2</sup>
<b>Orders, €bn</b>	(+26%)	17.9	<b>22.6</b>
<b>Revenue, €bn</b>	(+39%)	15.3	<b>21.3</b>
<b>EBITA, €bn</b>	(+92%)	1.3	<b>2.5</b>
<b>FOCF, €bn</b>	(+111%)	0.64	<b>1.35</b>
<b>ROIC, %</b>	(+76%)	11.9%	<b>21.0%</b>
<b>ROS, %</b>	(+37%)	8.4%	<b>11.5%</b>
			<i>Double digit 2026</i>

1. Does not include consolidated Telespazio figures
2. Includes consolidated Telespazio figures

**Doubled Dividend from 0.14 € to 0.28 € per share in 2024**





# Lessons learnt in recent years: the three-fold challenge of Defense

## Lesson Warfare is changing

#1

combination of traditional weapons and new digital technologies, satellite applications, and drones (to destroy targets valued 1,000x)



**Bullets and bytes**

## Lesson Globalization as an element of fragility

#2

regional wars directly impact on global security (energy, food, cyber, and infrastructure security)

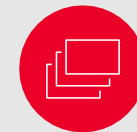


**From Defense to “Global Security”**

## Lesson No single European Country can make it on its own

#3

fragmented expenditure makes Europe even weaker



**Security as a continental problem**





# Is Leonardo ready to face those challenges?

## Actions

## Lesson

### Strengthen the core business

Rationalize/optimize the portfolio, focus R&D, and implement massive digitalization



**Bullets and bytes**

Forge international alliances and JVs



**Security as a continental problem**

### Pave the way to the global security challenge

Enhance cyber capabilities on Defense, Space, and national strategic organizations



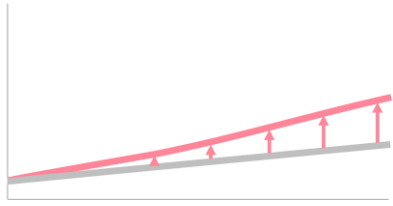
**From Defense to “Global Security”**

Create the Space Division, boost the Space Alliance focusing on high-value segments



# How we will implement it: the “arsenal” of initiatives

## Organic growth



### **Focused R&D and technological innovation**

*Focus on digital technologies such as AI, digital twin, and cloud computing*

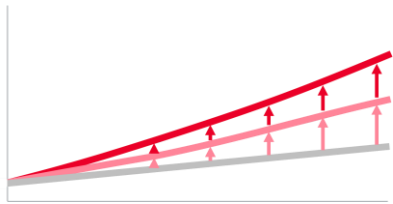
### **Massive digitalization of solutions and operations**

*Key enabler for increased product competitiveness, streamlined processes across the Group*

### **Servitization and customer proximity**

*New digital services and international business development via the Leonardo Logistic Network*

## Efficiency boost



### **Group-wide efficiencies and Corporate cost reduction**

*Optimization of procurement and cost reduction of the headquarter (organization and processes)*

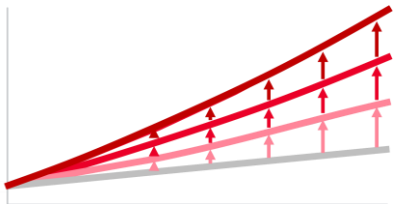
### **Business and product focus/rationalization**

*Investment prioritization and divestment from selected businesses, products, and participated/JVs*

### **Broad optimization of manufacturing**

*Accelerated backlog conversion via exploitation of digital capabilities and automation*

## Inorganic growth



### **Steering of global alliances**

*Synergies through international cooperation*

### **M&A in emerging technologies and markets**

*Improved capabilities, positioning, and offering*



# Strengthen core business

## Where we are... (Now)

### Electronics

**Second largest European player in Defense electronics** with a qualified US presence

### Helicopters

**Global civil player and growing in military**, with a comprehensive portfolio from light to heavy (dual use/specialized)

### Aircraft

**Recognized international player** involved in military aircraft programs, also relying on proprietary platforms

### Aero-structures

**Trusted supplier on the path to recovery** after the Covid-19 impact on civil aviation

## ...where we want to go (Then)

**Global player with European leadership and catalyst for European cooperation**, leveraging GCAP spillovers, alliances/JV (land and naval Defense systems), and a rationalized portfolio, with a distinctive US presence

**Global civil leader and military key player**, upgrading our portfolio, pioneering new technologies, and exploring strategic partnerships

**Leading player in cooperative programs** (next-gen combat aircraft and UAV), with evolved proprietary products and boosted training services

**Profitable supplier** thanks to operational excellence and market recovery, further scaling up via diversification and strategic partnerships



# Pave the way to the broader security challenge



## Where we are... (Now)

### Cyber

**Domestic player** with a recognized positioning in selected segments

### Space

**Domestic leader** and European key player part of the Space Alliance, covering the entire value chain



## ...where we want to go (Then)

**European key player** in cyber security, secure digital platforms and mission critical communications, focused on Defense, space, and national strategic organizations

**European leader** on high-value segments, leveraging Group-wide and Space Alliance capabilities, with an active role on a potential European consolidation



# Agenda

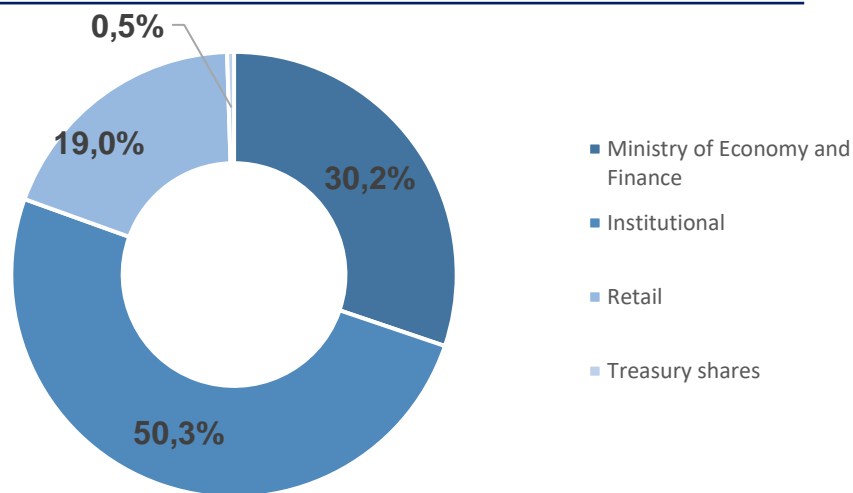
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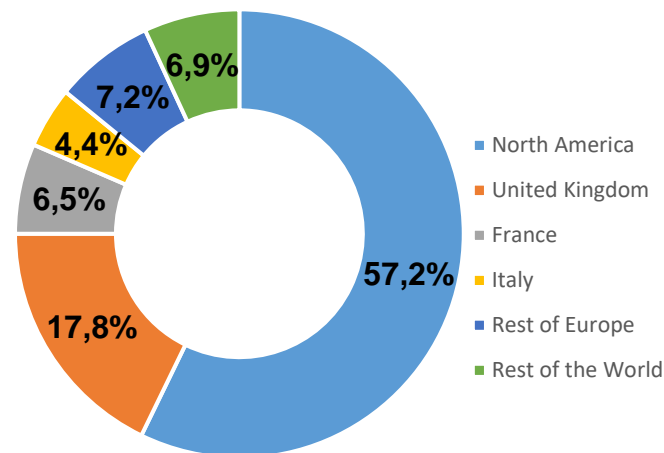


# Shareholding Composition

## Distribution of shareholders

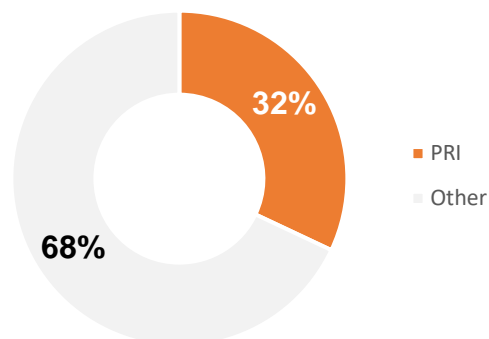


## Geographical distribution of Institutional shareholders floating rate



- Over 90 of the free float is owned by International Funds

## Signatories of the Principles for Responsible Investment (PRI)

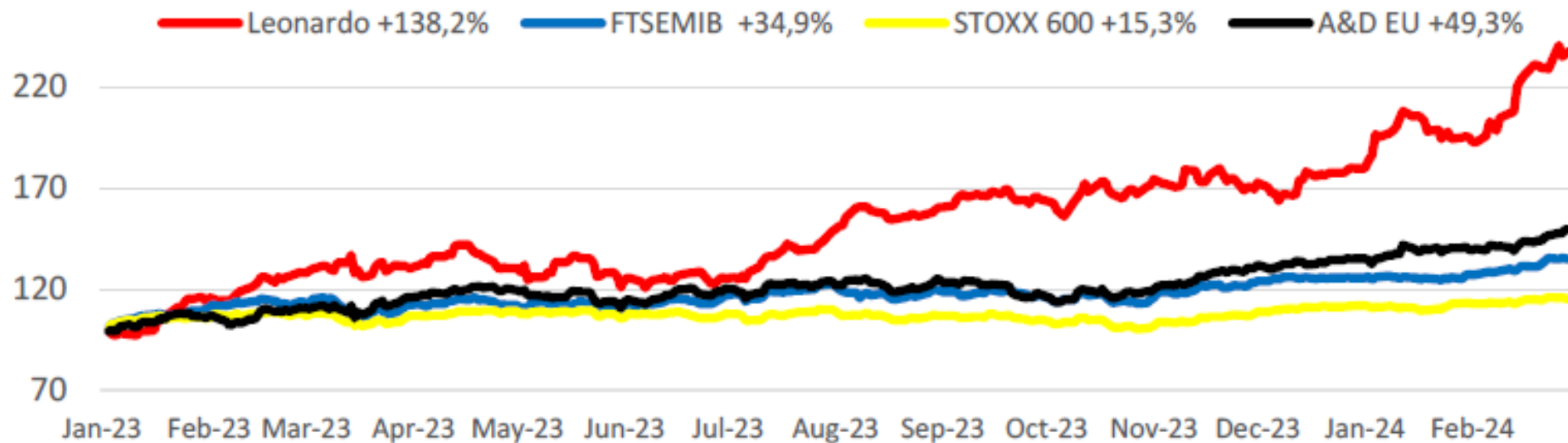


- 32% of the shareholding is owned by PRI signatories \*



# 2023 Share price performance

January 2023 - 29 February 2024



A&D EU = Bloomberg EMEA Aerospace Defence Index.



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# FY23: Strong commercial and financial performance

## Pro-Forma for Telespazio consolidation<sup>1</sup>

Financial KPI	FY 2022	FY 2023	Change	FY 2023		FY 2022	FY 2023
	(Actual)	(Preliminary)		(Guidance)		(Actual)	(Actual)
New Orders, €bn	17.3	<b>17.9</b>	3.8%	ca. 17	✓✓	18.0	18.7
Revenue, €bn	14.7	<b>15.3</b>	3.9%	15 – 15.6	✓	15.4	16.0
EBITA, €M	1,218	<b>1,289</b>	5.8%	1,260 – 1,310	✓	1,250	1,326
ROS, %	8.3%	<b>8.4%</b>	0.1 p.p	-	✓	8.1%	8.3%
FOCF, €M	539	<b>635</b>	17.8%	ca. 600	✓✓	559	652
Net debt <sup>2</sup> , €bn	3.0	<b>2.3</b>	-23%	ca. 2.6	✓✓	3.0	2.3

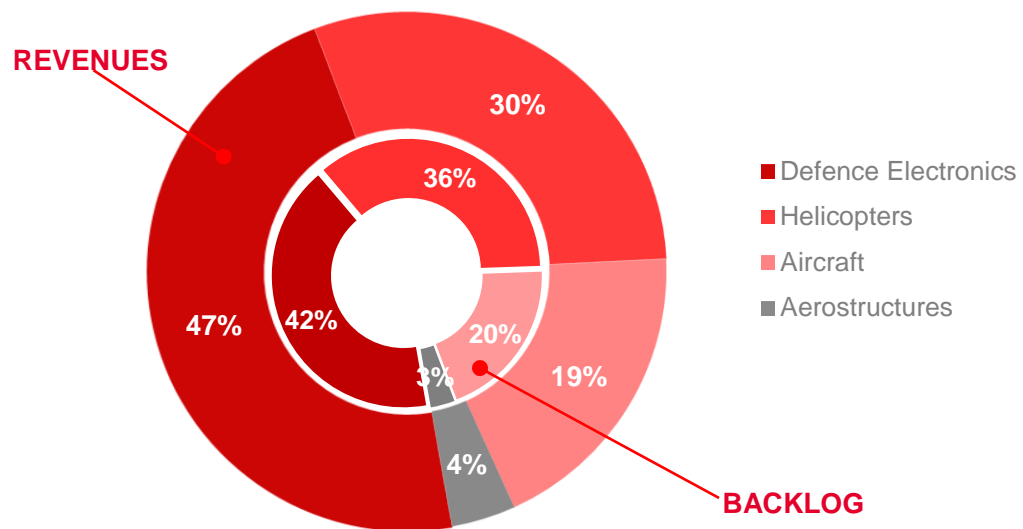
1. Telespazio fully consolidated

2. Net debt includes the effect deriving from DRS transaction

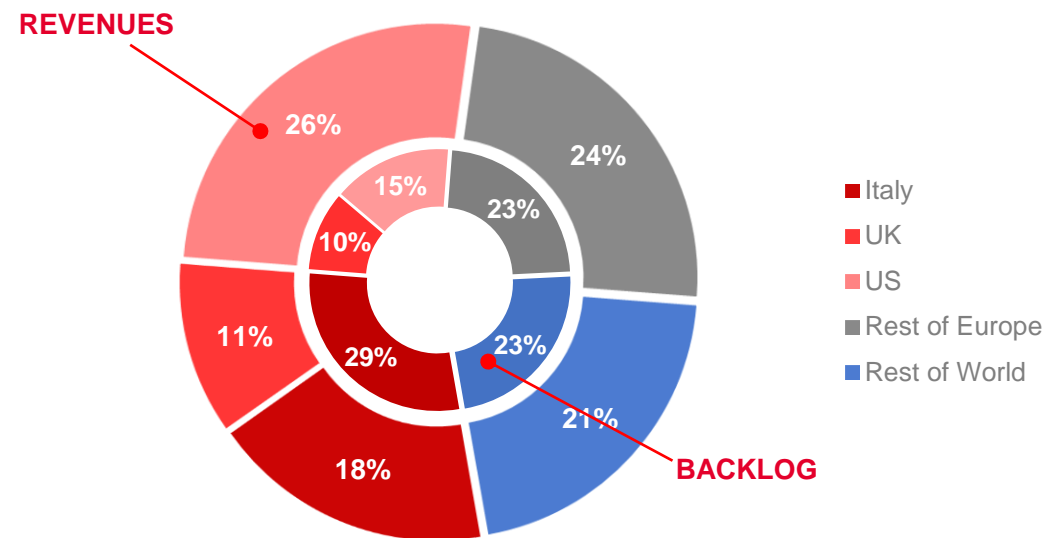


# Revenue and Backlog diversification

## Revenues and backlog by business



## Revenues and backlog by geography

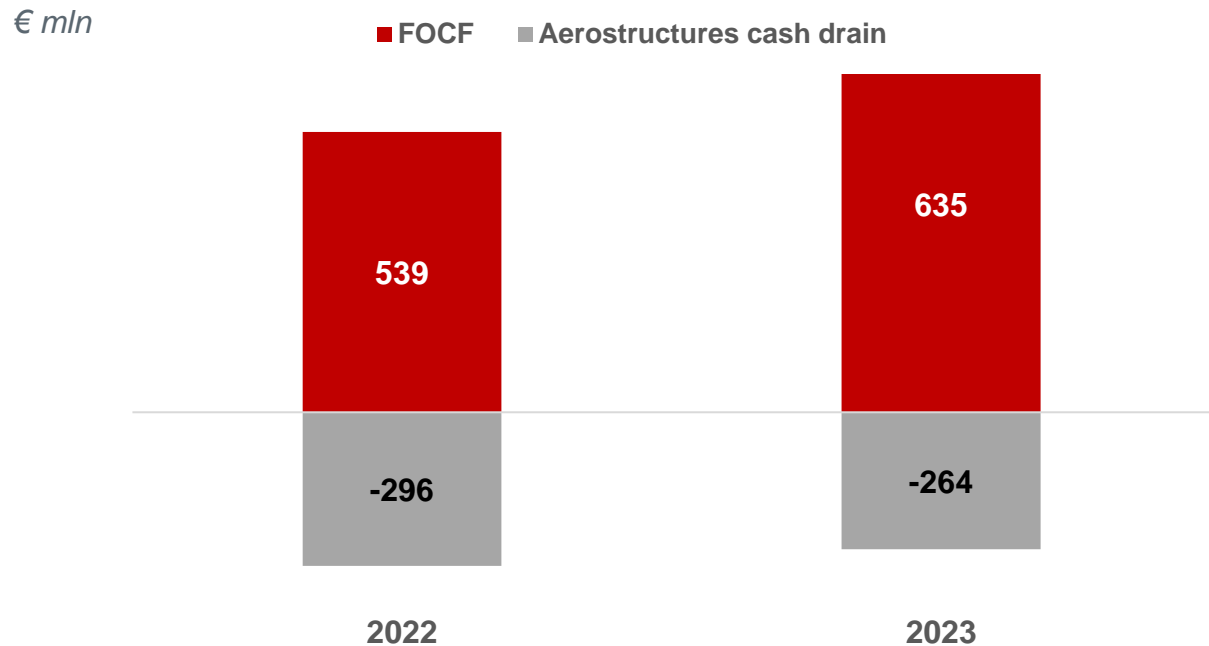


REVENUES	NEW ORDERS	ORDER BACKLOG	EBITA
€ 15.3 BN	€ 17.9 BN	€ 39.5 BN	€ 1.3 BN



# Significant progress in cash generation, in line with targets

## Free Operating Cash Flow



- 69% Group cash conversion\*
- Slightly lower cash absorption from Aerostructures vs 2022

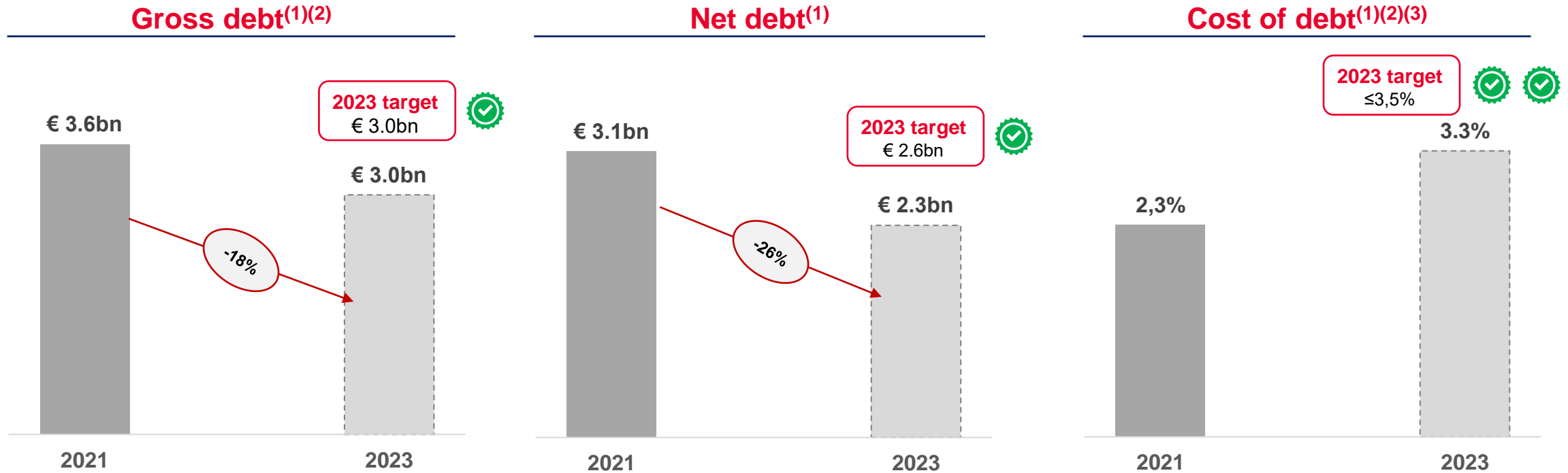
## Main drivers

- Mid-single digit revenue growth
- Mid-single digit EBITA growth
- Continued cash discipline, and working capital efficiency
- Consistent contribution from JVs
- Aerostructures moving to breakeven in 2025



\* FOCF / Ebita Adj post interest expenses and taxes paid

# Reduced gross debt by ca. 18% and net debt by ca. 26% and cost of debt below 2023 target

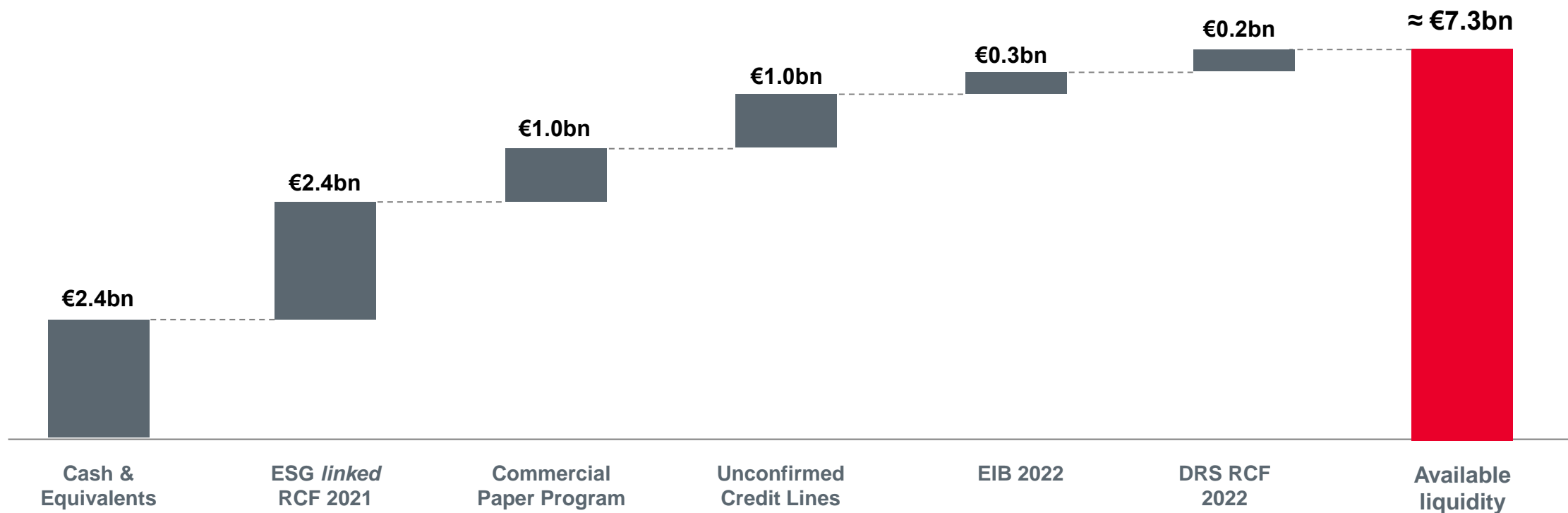


- Important deleveraging achieved in 2023 vs 2021, both in terms of gross (ca. -18%) and net debt (ca. -26%)
- Debt decreased notwithstanding strategic acquisition and continued investments in new products
- Disciplined financial strategy, together with upgrade to Investment Grade obtained from the three Rating Agencies, allowed Leonardo to keep cost of funding around 3.3%, below expected target



# Solid Group liquidity ensures adequate financial flexibility

- As at 31 December 2023 Leonardo had sources of liquidity available for a total of about € 7.3bn to meet the financing needs of the Group's, broken down as follows:
- Cash in-hands equal to € 2.4bn
- ESG Revolving Credit Facility (RCF) equal to € 2.4bn
- Commercial Paper Program equal to € 1.0bn
- Existing unconfirmed credit lines equal to € 1.0bn
- «Sustainability-Linked» EIB loan equal to € 0.3bn
- Revolving Credit Facility signed by Leonardo DRS, following the merger with RADA, equal to € 0.2bn



# 55% of Leonardo funding sources are “ESG linked”

## ESG linked financial transactions

€2.4 bn ESG linked Revolving Credit Facility (RCF)

€600 mln ESG linked Term Loan

€260 mln EIB Loan



## Financing sources

~€5,9bn

55%  
ESG  
linked

2023

## KPIs selected fully aligned with ESG strategy and Long-Term Incentive Plan

Reduction of CO<sub>2</sub> emissions

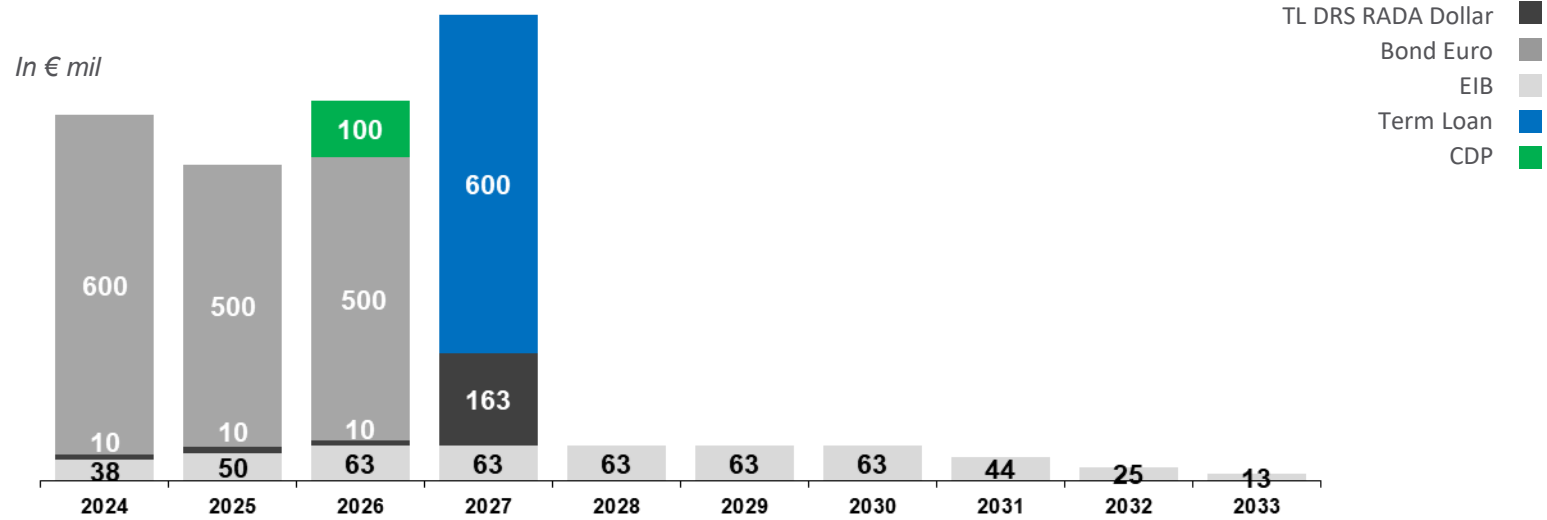
Employment of women with STEM degree

Computing power per capita



# Balanced debt maturity profile

**Debt maturity**  
Average life: ≈ 2,3 years



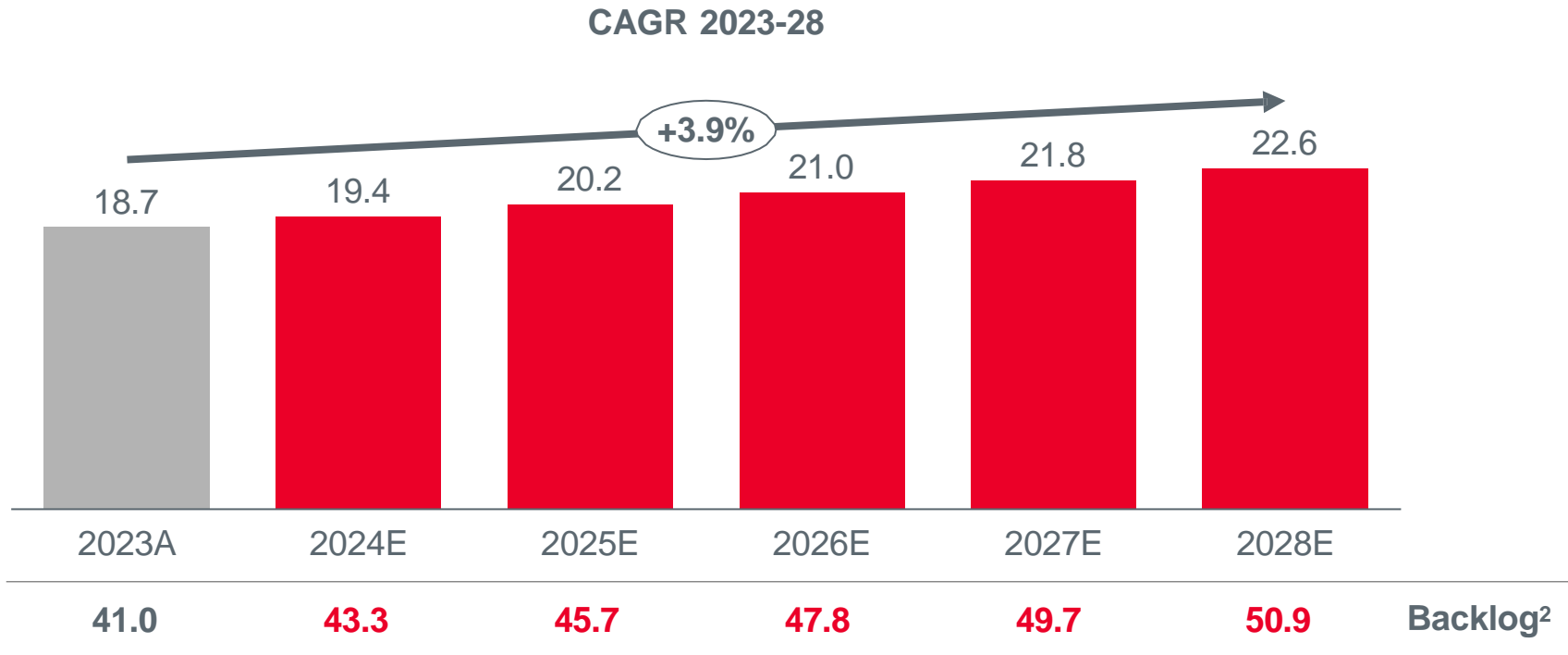
## CREDIT RATING

	As of today	Before last review	Date of review
<b>S&amp;P</b>	BBB- / <i>Stable Outlook</i>	BB+ / <i>Positive Outlook</i>	August 2023
<b>Moody's</b>	Baa3 / <i>Stable Outlook</i>	Ba1 / <i>Positive Outlook</i>	May 2023
<b>Fitch</b>	BBB- / <i>Stable Outlook</i>	BBB- / <i>Negative Outlook</i>	January 2022



# Orders will exceed € 22 bn in 2028

Orders of Leonardo Group (estimated values for 2024 and beyond), €bn<sup>1</sup>



Figures do not include the impact of the inorganic boost

€ ~105 bn  
2024-2028  
expected  
cumulated orders

>1.1  
2024-2028  
book to bill

- Order growth anchored on portfolio of products and solutions responding to evolving customer needs
- Supportive market backdrop driving domestic and export orders, **without concentration of exposure to single country/customer**
- Book to bill consistently >1.1, growing back from € ~40 bn to € ~50 bn at the end of the Industrial Plan

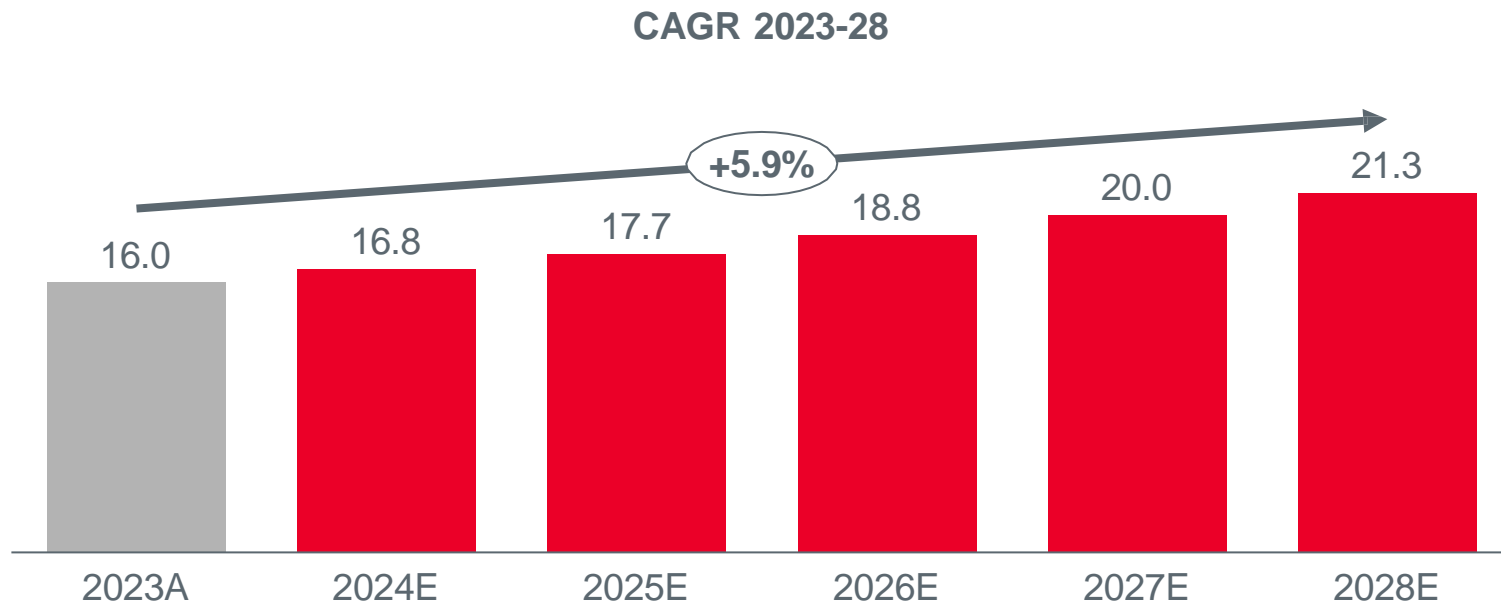
1. Includes consolidation of Telespazio starting from 2023 | 2. At the end of each period





# Revenue will surpass € 21 bn in 2028

Revenue of Leonardo Group (estimated values for 2024 and beyond), €bn



Figures do not include the impact of the inorganic boost

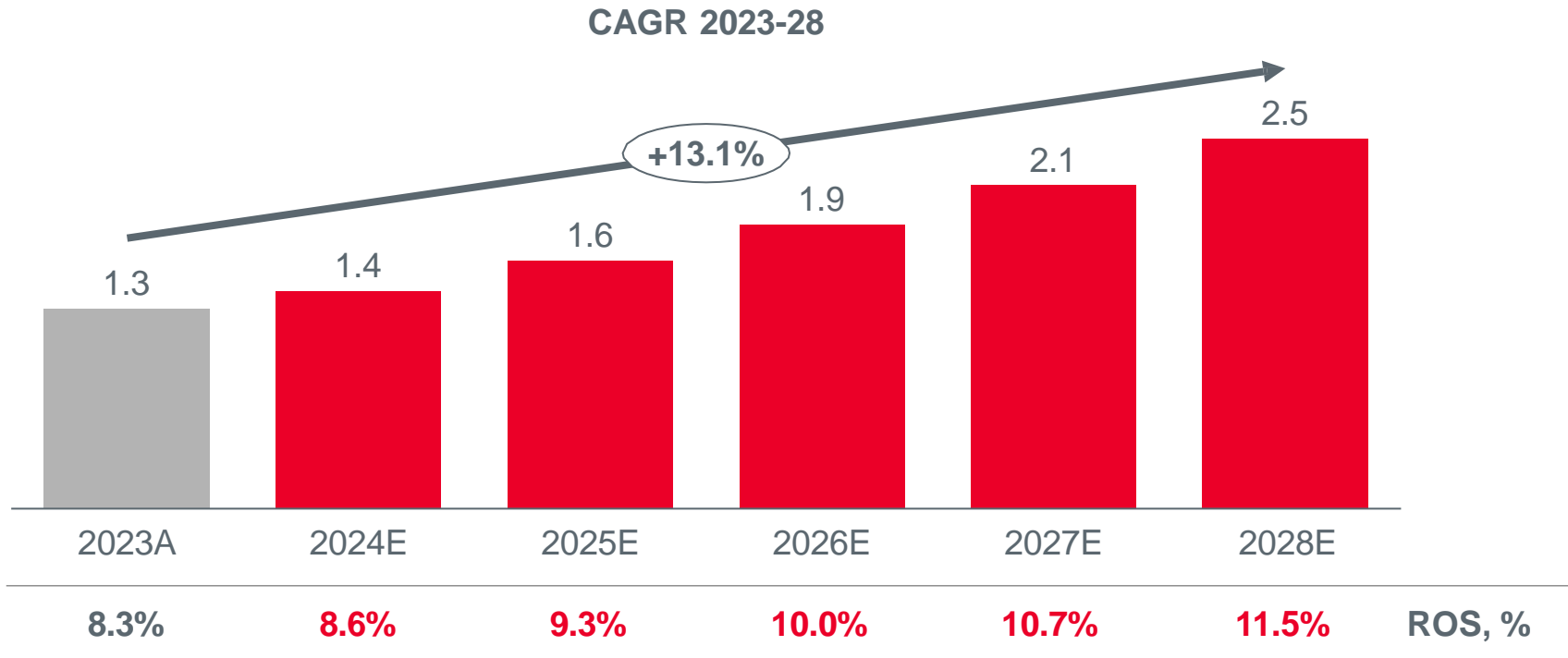
**€ ~95 bn**  
2024-2028  
expected  
cumulated revenue

- Revenue growing at 5.9% expected CAGR through backlog delivery and new wins
- **Balanced growth across businesses** with synergic effect between platforms and sensors/systems operating in a multi-domain environment
- Proven track record of delivering growth successfully managing exogenous challenges in the supply chain



# EBITA will almost double by 2028

EBITA of Leonardo Group (estimated values for 2024 and beyond), €bn



Figures do not include the impact of the inorganic boost

**~1.8x**

expected EBITA  
in 2028 vs. 2023

**Double digit**

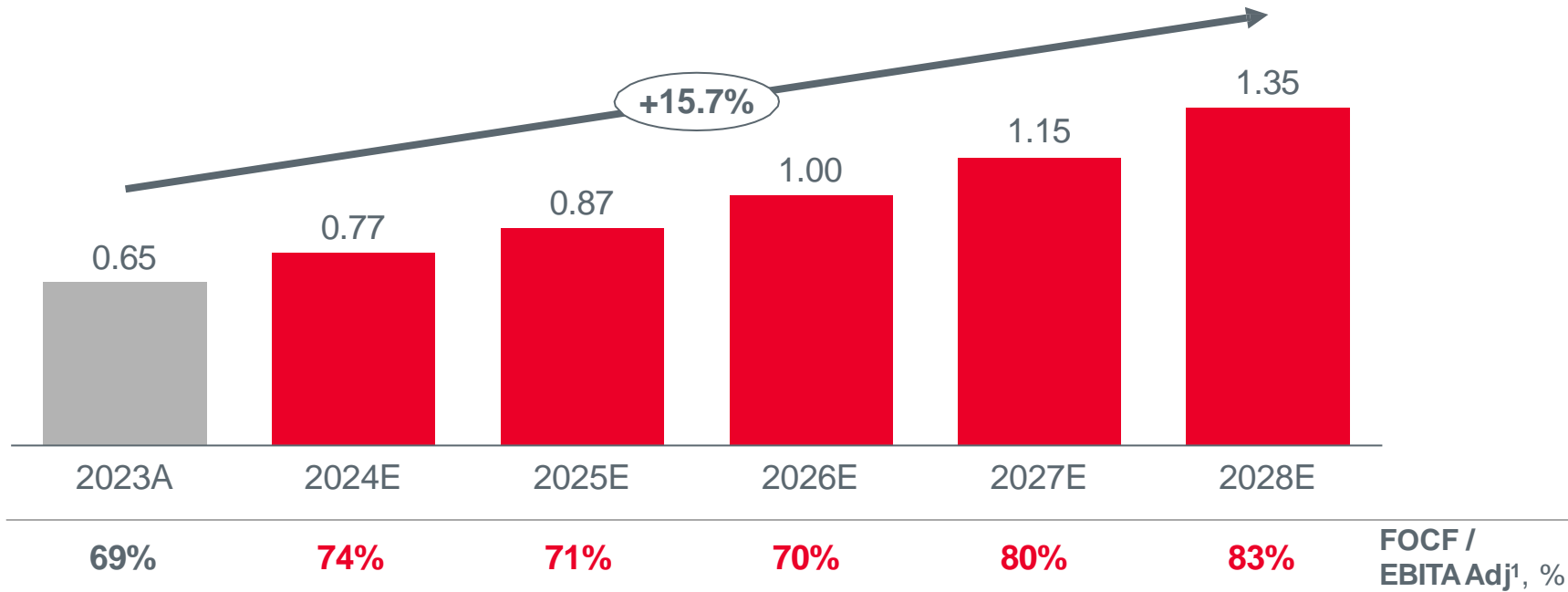
RoS by 2026

- Profitability growing at 2x revenue growth rate
- Operating leverage, stringent program management, and Group-wide efficiency plan supporting 10% ROS target in 2026 and 11.5% in 2028
- Advanced technological offering and portfolio refocus resulting in higher margins on projects



# FOCF will more than double by 2028

FOCF of Leonardo Group (estimated values for 2024 and beyond), €bn



Figures do not include the impact of the inorganic boost

**>2.0x**

expected FOCF  
in 2028 vs. 2023

**~83%**

FOCF/EBITAdj<sup>1</sup>  
by 2028

**Cash flow  
supporting  
disciplined capital  
allocation strategy**

- Doubling cashflows derived from higher EBITA, while investing in key programs representing the future product portfolio (e.g., AW609, AW09, trainers, advanced sensors, and systems) and boosting digital capabilities and infrastructure
- Significant impact in cash taxes from 2027 onwards reflecting full utilization of NOLs by 2026
- Disciplined working capital to support business growth



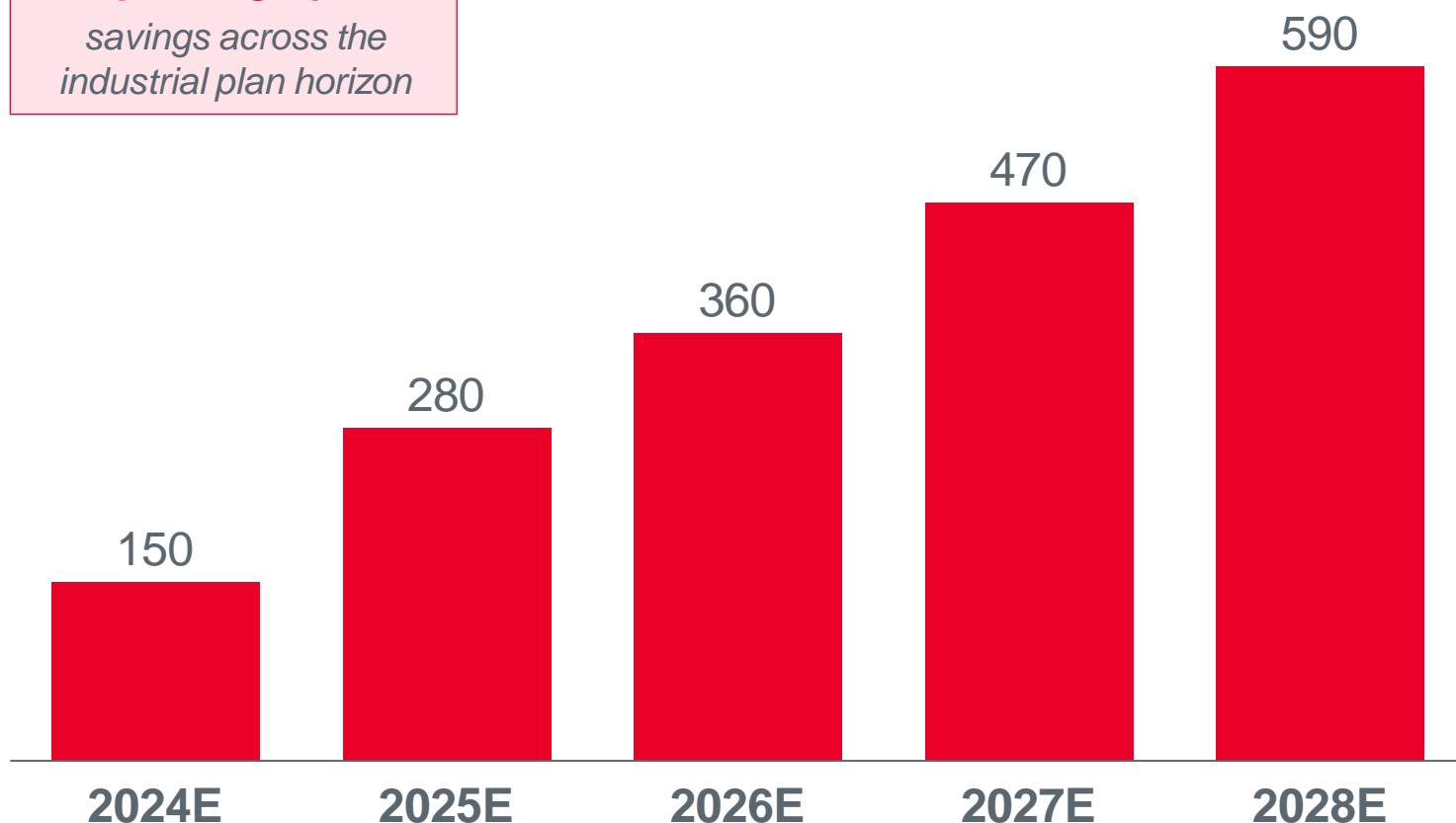
1. EBITA adjusted with post interest expenses and taxes paid

# Efficiency boosting

2024-2028 plan, €M

**€ ~1.8 bn**

*savings across the industrial plan horizon*



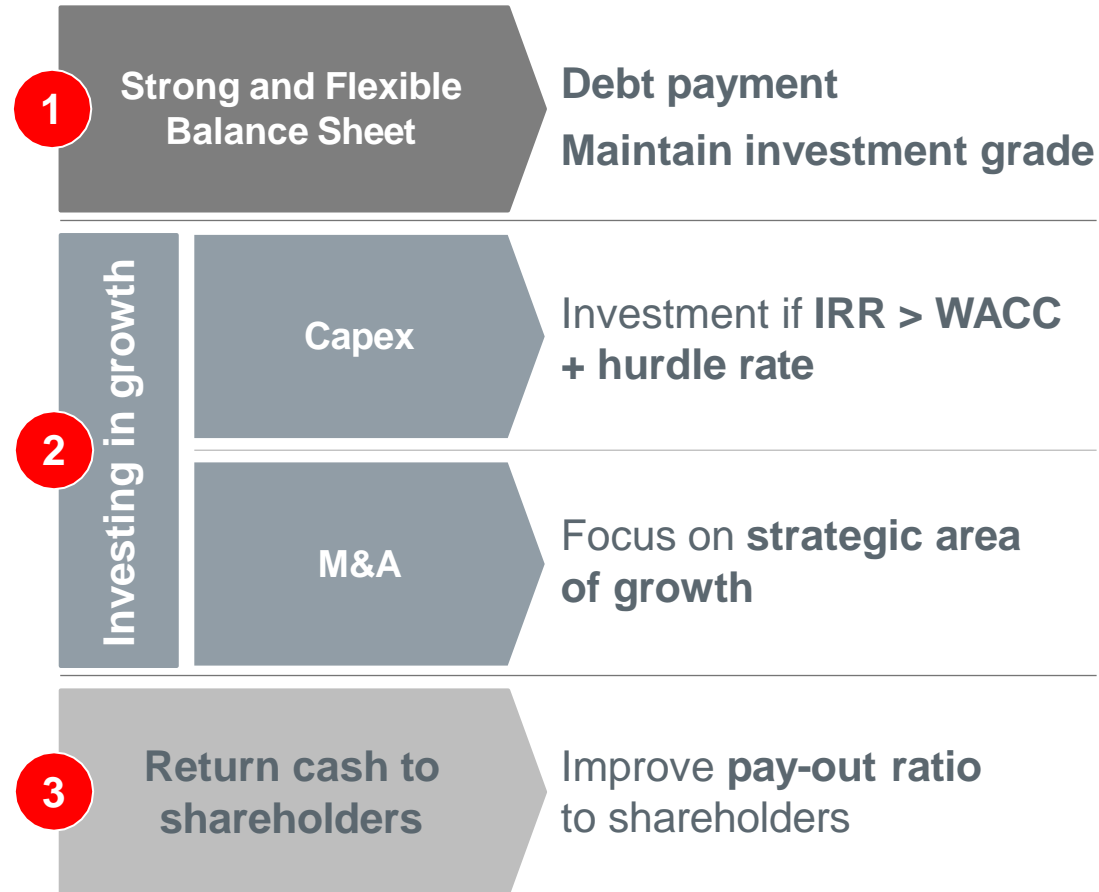
## Saving category

<b>Efficiency measures:</b>	<b>70%</b>
• Direct procurement (e.g., offload, production)	13%
• Travel	13%
• Energy	12%
• Real estate	9%
• IT	8%
• Other indirect procurement (e.g., advisory, sponsorship)	15%
<b>Corporate Center restructuring</b>	<b>20%</b>
<b>Business/product disposal</b>	<b>10%</b>

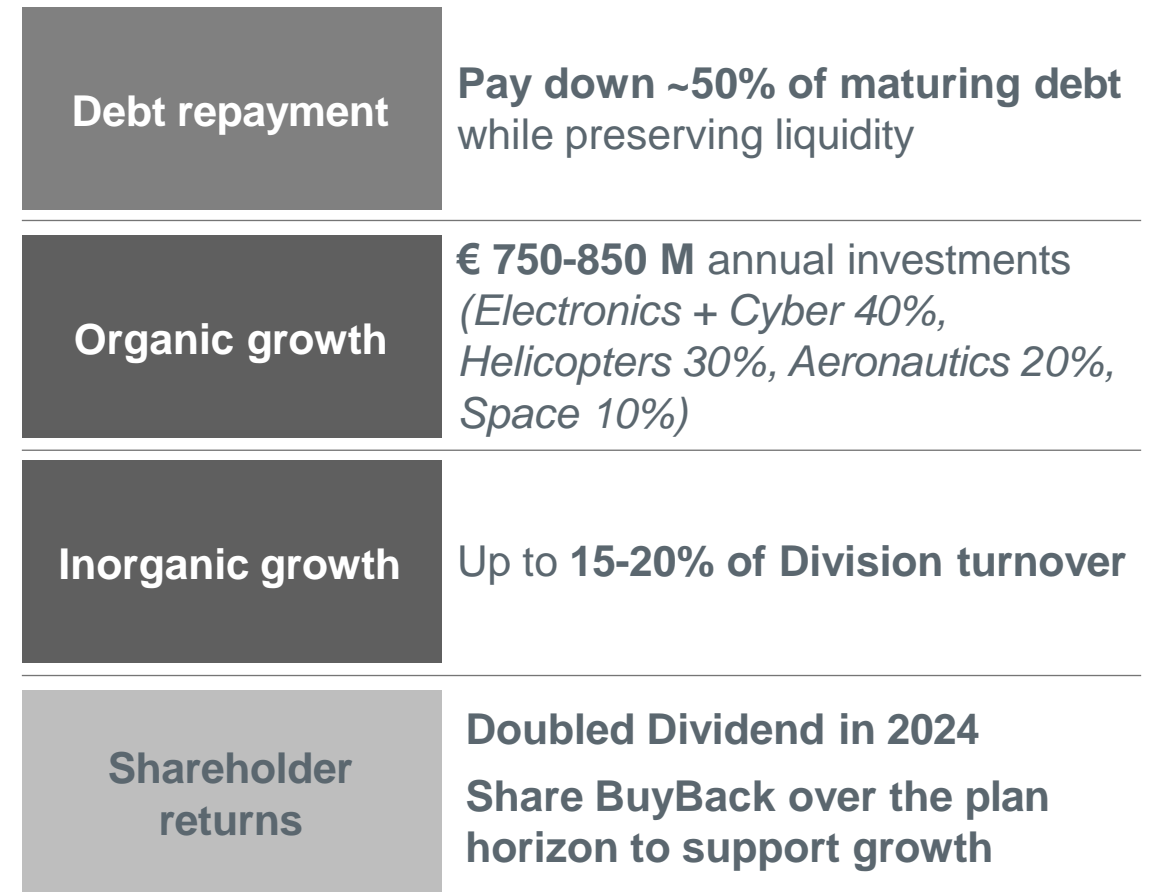


# Disciplined capital allocation strategy supporting growth

## Principle



## 2024-2026 Capital deployment



# SAFE HARBOR STATEMENT

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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

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