

PRESS RELEASE

Leonardo outlines its five-year growth and development plan to attain European leadership in defence electronics, drawing primarily on Italian industrial capabilities

The company will invest 200 million euros annually in Italy (a total of €300 million per year when including the division in UK) to develop new products and technology, modernise production lines and strengthen its supply chain and logistics

A new integrated organisation that combines engineering with manufacturing and a "Factory of the Future" model which incorporates robotics and new IT systems will deliver more efficient and sustainable production processes

The plan will see the creation of an open innovation system involving universities, technical training institutions and research centres. More than 20 universities and research centres will be involved, alongside 9 Italian state-run technical and industrial institutions

Rome, 14/03/2022 – Leonardo aims to attain European leadership in defence electronics with a five-year growth and development plan that draws primarily on the capabilities of Italian industry.

Leonardo's Electronics division, which has around 13,000 employees including 8,500 in Italy, incorporates 18 Italian national centres of technological excellence. These design, develop, produce and support radar systems, advanced sensor technology and protection and defence systems for aviation, space, land-based and naval platforms. Under its new five-year plan, Leonardo aims to achieve significant growth as a result of greater competitiveness, with improvements to production lines, logistics and supply chains. There will be a strong focus on product innovation, supported by the unification of the company's *open innovation* network, including public-private agreements with universities, research centres and Italian state-run technical and industrial institutions.

The plan will see Leonardo invest 200 million euros in Italian industry each year (a total of €300 million per year when including the division in the UK), plus an additional 50 million euros will be used to optimise Leonardo's sites in Italy in each of the first three years of the plan. This investment will be used to create centres of specialist technology with a strong emphasis on innovation, digital production and sustainability as well as optimised logistics, production processes and supply chains.

Key to optimising production will be the "Factory of the Future" intelligent factory model, which is already being developed in the UK. By incorporating Industry 4.0 and Digital Manufacturing systems including robotics and new IT systems, Leonardo will ensure more efficient and sustainable production. The company will also set up a new, more integrated organisation combining engineering and production functions, with targeted investment in tools and IT systems to allow greater traceability of production flows, process automation and production plants.

Leonardo will also grow its engineering and manufacturing workforce and optimise its supply chains. The company will create a new centralised logistics hub in Pomezia, near Rome, which will enable significant improvements in operational performance, efficiency and quality assurance.

Initiatives which have already taken place include the automation of Leonardo's production line for space-going solar panels at its site in Nerviano, Milan, and the application of predictive maintenance systems with automated control across all production facilities at its site in Cisterna di Latina, near Rome.

In addition to the resources Leonardo is allocating to its sites and products, growth will also be driven by the application of new technologies as part of the company's *open innovation* plans. These involve creating technological systems in different regions and strengthening Leonardo's collaboration with universities, technical training and research centres. Over 20 universities and research centres and 9 Italian state-run technical and industrial institutions will be involved throughout Italy, increasing the know-how and added

value in each region. Collaborating with scientific and academic sectors will allow Leonardo to apply more new processes, ideas and training modules in order to achieve the objectives of its engineering and production functions and the company also envisions cooperation on technologies of strategic interest.

The development of Leonardo's production function will mean that the company's 18 Italian centres of advanced technology will be able to manage its technology portfolio throughout the entire value creation chain, from development to production and after-sales support.

Leonardo's site in the Tiburtina district of Rome (which includes Vitrociset, the former manufacturer of protection, command and control systems, acquired by Leonardo in 2019) will become the company's specialist centre for the development and support of command and control systems and naval, land-based and air traffic radar control systems, as well as its production centre for advanced microwave technology.

The company's production facility in Cisterna di Latina near Rome will become its main site for the development and production of communication systems and avionics computers, including related customer support.

The Tiburtina and Cisterna di Latina sites will take over all of the operations currently carried out at Leonardo's site in Pomezia, near Rome. The site in Tiburtina will also take over all operations currently carried out in Carsoli, central Italy.

Leonardo's site in Fusaro, Naples, will become the company's centre for the production and support of radar systems, including the printed microelectronics circuit boards which are currently produced and fitted in Giugliano near Naples. By combining these complementary production lines, Leonardo will be able to optimise radar system manufacture and improve its level of customer service.

The company's site on Via Puccini near Genoa will expand its operations to include land-based and naval communications, navigation systems and data links, integrating the operations currently carried out at the company's Genoa Via Hermada site.

Leonardo's other Italian Electronics division sites (Abbadia San Salvatore, Brescia, Campi Bisenzio, Caselle, Catania, Montevarchi, La Spezia, L'Aquila, Livorno, Nerviano, Ronchi dei Legionari, Palermo, Pozzuoli) will continue to focus on their respective specialist operations.

Operations at the company's Pisa-based Electronics division site, which carries out specialised software production, will be integrated into the company's Pisa-based Helicopters division site. Leonardo's Aircraft division site in Grottaglie near Taranto in the south of Italy will also incorporate the company's experimental work on command and control systems for ships, currently carried out at its site in Taranto.

Leonardo, a high-tech global company, is one of the top companies in the world in the sector of Aerospace, Defence and Security and the leading Italian industrial company. Organised in five commercial divisions, Leonardo has a significant industrial presence in Italy, the United Kingdom, Poland and the USA where it also operates with subsidiaries such as Leonardo DRS (defence electronics) and some joint ventures and investment stakes: ATR with Airbus, MBDA defence systems, Telespazio, Thales Alenia Space and Avio aerospace. Leonardo competes in the most important international markets in its areas of technological and product leadership (Helicopters; Aircraft; Airframes; Electronics; Cyber Security and Space). Listed on the Milan Stock Exchange (abbreviated as LDO), in 2020 Leonardo recorded consolidated income of 13.4 billion euros and invested 1.6 billion euros in Research and Development. The company has been included in the Dow Jones Sustainability Indices (DJSI) since 2010, also proving to be one of the global leaders in sustainability in 2021. Leonardo is also included in the MIB ESG Milan stock market index for environmental, social and governance principles.

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