

1Q 2018 Results Presentation

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Chief Executive Officer

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Chief Financial Officer

Rome, 8 May 2018



1948 • 2018



Executing the Industrial Plan

Chief Executive Officer

1Q 2018 Results & Outlook

Chief Financial Officer

Key messages



Solid start to the year

- Orders at € 2.2 bn
- Revenues at € 2.5 bn
- EBITA at € 153 mln, RoS at 6.2%
- FOCF at € (1.1) bn
- Net Debt at € 3.6 bn



Positive progress in Helicopters recovery



2018 Guidance confirmed



Fully focused on Industrial Plan execution

Executing the Industrial Plan

Doing the right things for the long-term



Confident about the opportunity for Leonardo

- Well positioned for positive market outlook
- Leveraging «One Company» model
- Achieving steady top line and profitability growth



We are going to set this business up to win



Sustainable financial strategy

...2018 planting the seeds for growth

Delivering on promises

Step forward in the execution of the Industrial Plan

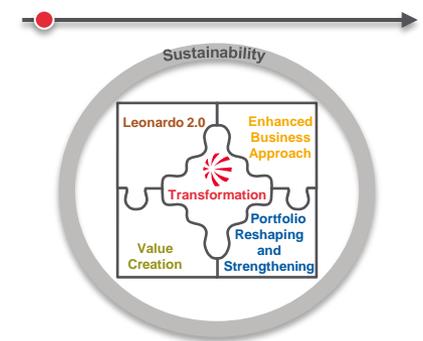
Enhancing commercial strategy

- Strengthening international presence: Leonardo international
- Exploiting opportunities in Customer Support

Plan for early retirement signed with Italian Unions to update competence mix

Executing cost transformation & supply chain programme

2018



Executing the Industrial Plan

Chief Executive Officer

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1Q 2018 Highlights



Solid 1Q 2018 performance



FOCF influenced by seasonality and EFA Kuwait



2018 Guidance confirmed

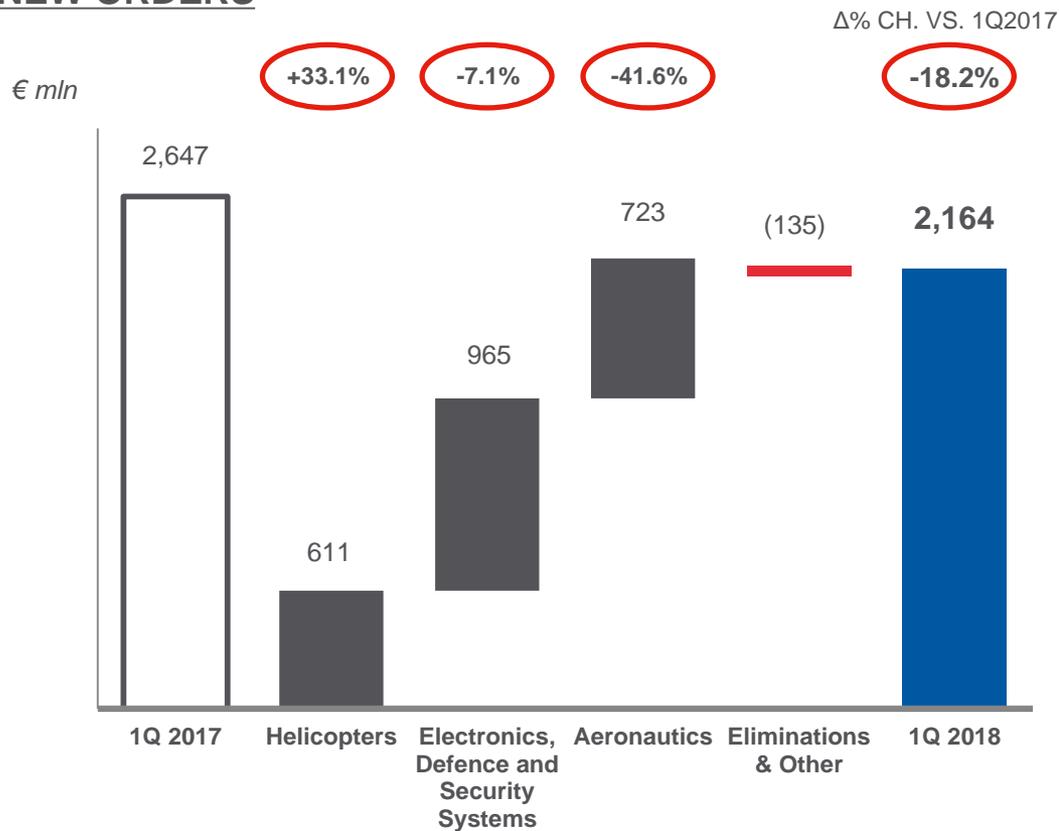


IFRS15 impact not material but affecting phasing between quarters in Helicopters

Order intake

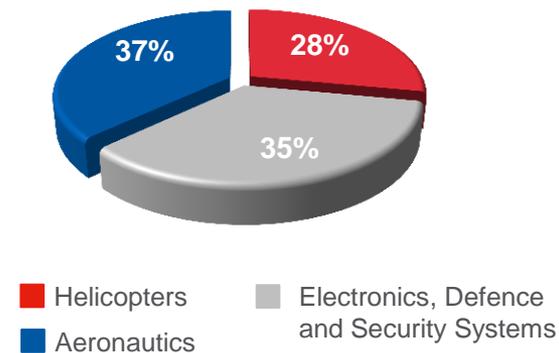
Solid performance mainly driven by Helicopters

NEW ORDERS



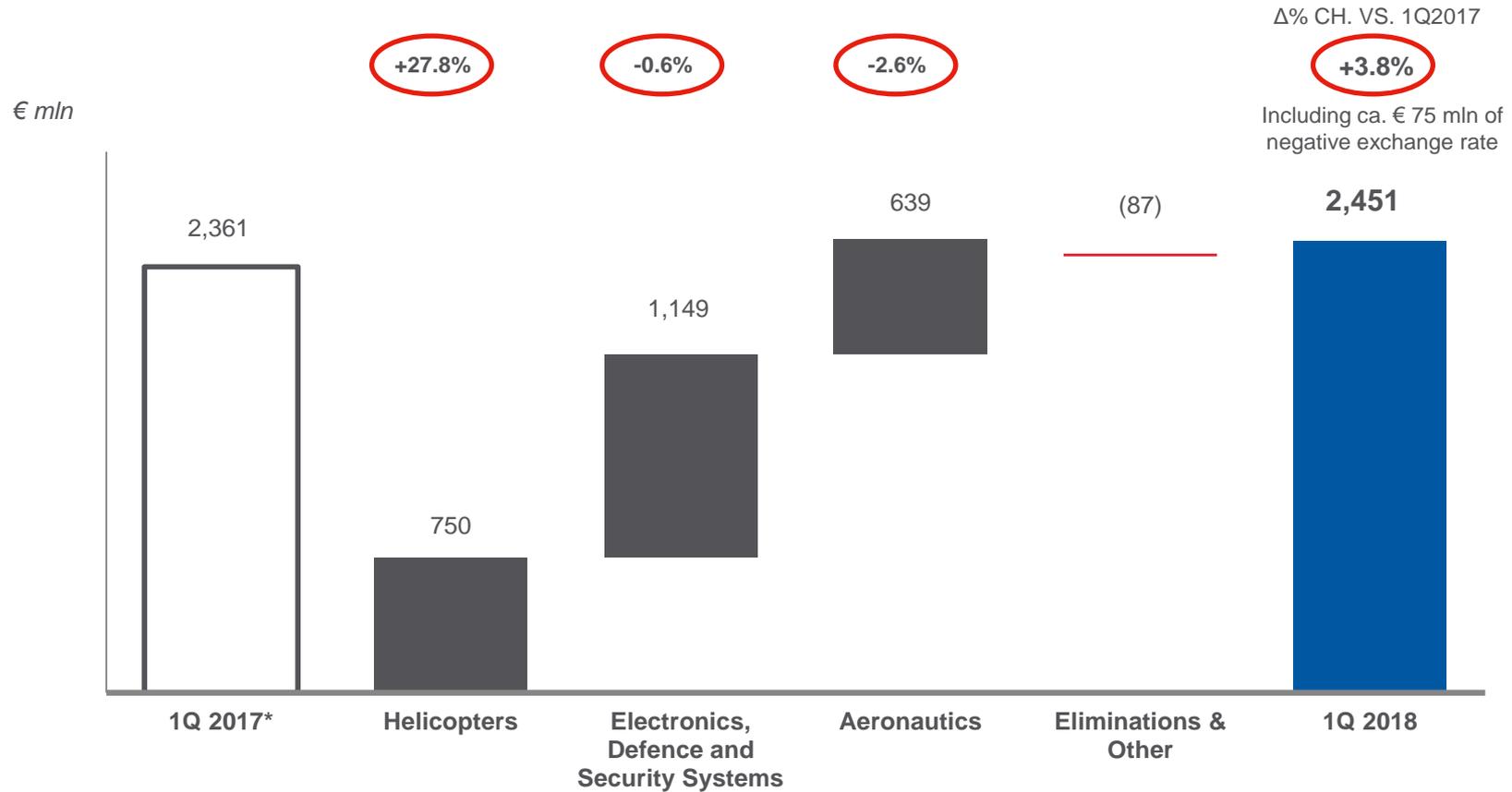
ORDER BACKLOG

As at 31 March 2018
ca. € 33.4 bn



Revenues

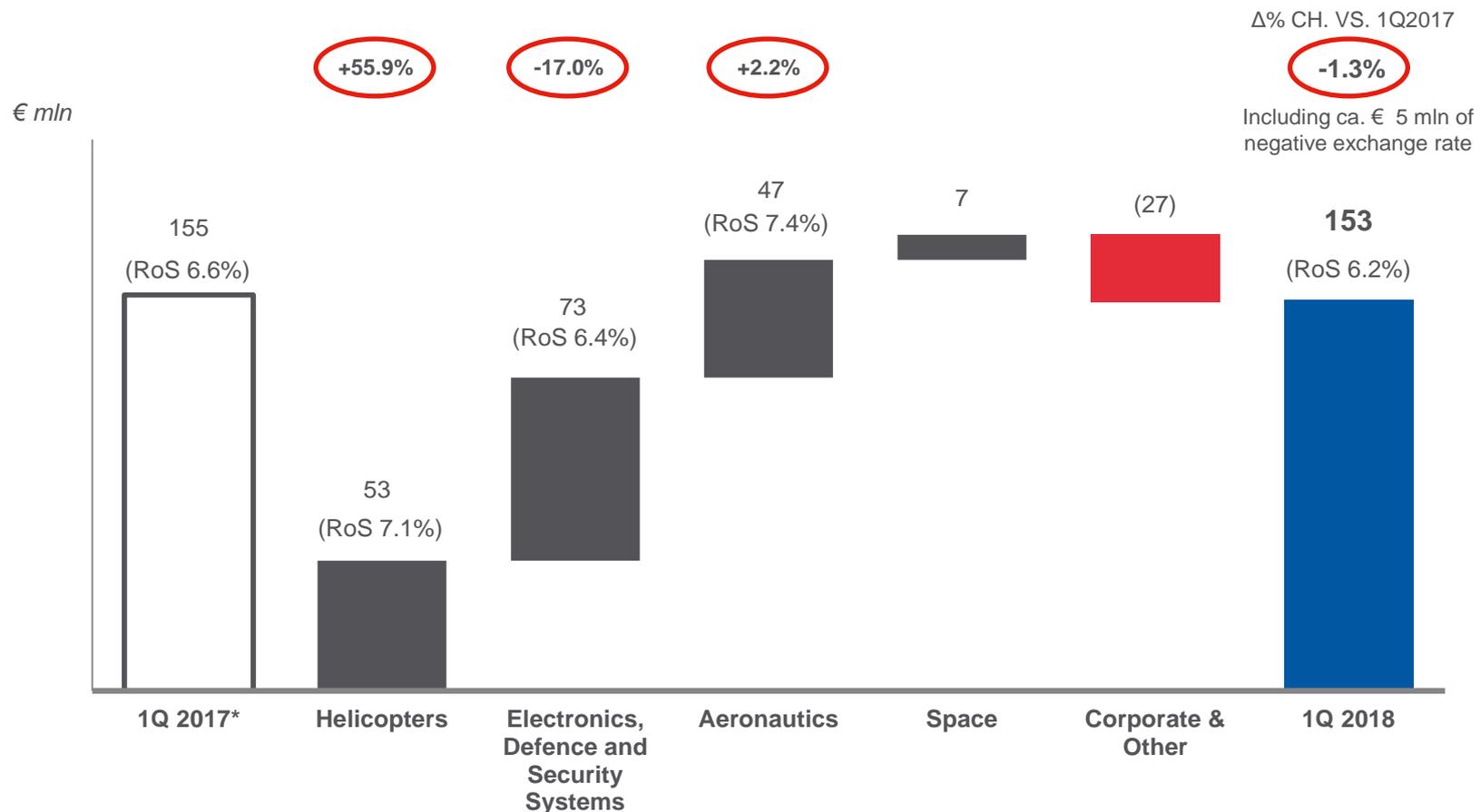
Slight improvement with first signs of recovery in Helicopters



*1Q 2017 IFRS15 restated

EBITA and Profitability

Broadly stable YoY; good start to the year in Helicopters



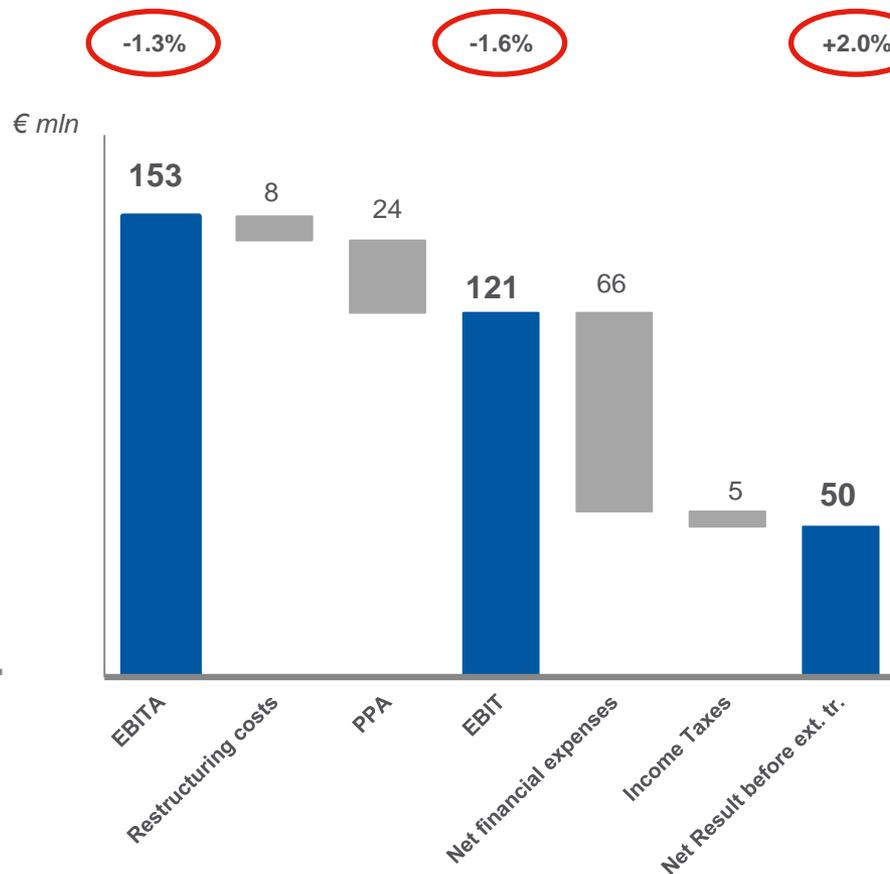
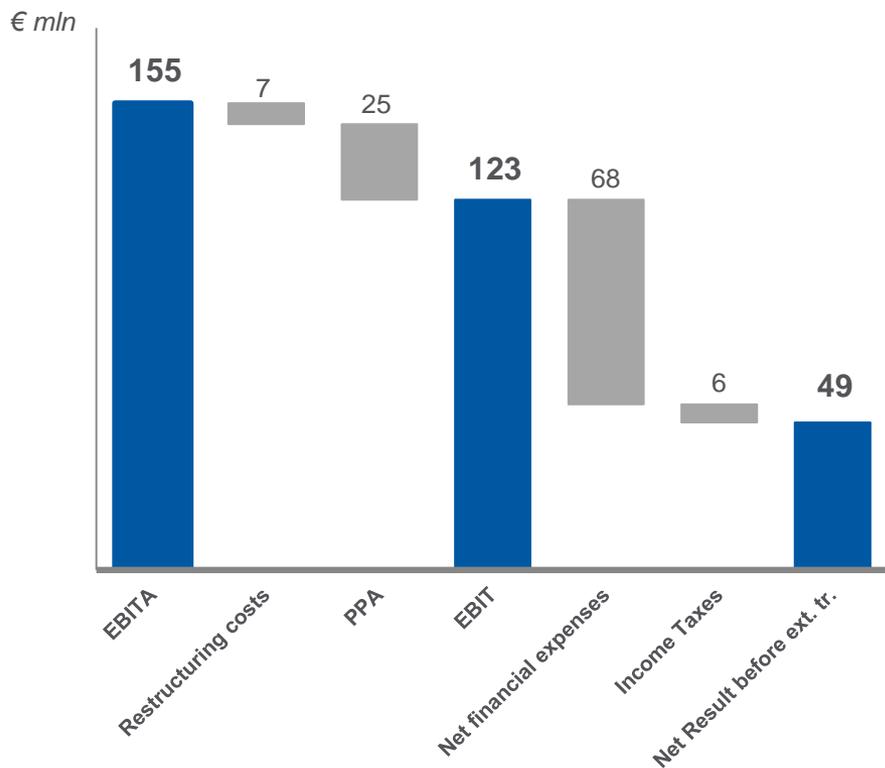
*1Q 2017 IFRS15 restated

Net Result Before Extraordinary Transactions

Flat YoY

1Q2017*

1Q2018



*1Q 2017 IFRS15 restated

2018 Guidance confirmed: planting the seeds for growth

		<i>FY2017A</i>	<i>IFRS15 Impact</i>	<i>FY2017 Restatement</i>	<i>FY2018E</i>
New orders	€ bn	11.6		11.6	12.5 – 13.0
Revenues	€ bn	11.5	0.2	11.7	11.5 – 12.0
EBITA	€ bn	1.07	0.01	1.08	1.075 – 1.125
FOCF	€ mln	537		537	ca.100
Group Net Debt	€ bn	2.6		2.6	ca. 2.6

2018 exchange rate assumptions: €/USD 1.20 and €/GBP 0.90

Q&A

THANK **YOU** FOR YOUR ATTENTION





SECTOR RESULTS

Helicopters

Well positioned to capture growth opportunities

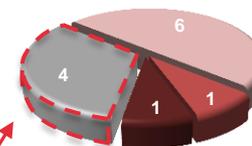
€ mln	1Q			% Change	FY	
	2017 Reported	2017 Restated	2018		2017 Reported	2017 Restated
Orders	459	459	611	33.1%	3,153	3,153
Revenues	711	587	750	27.8%	3,262	3,438
EBITA	73	34	53	55.9%	260	281
ROS %	10.3%	5.8%	7.1%	1.3 p.p.	8.0%	8.2%

2018 OUTLOOK

- Healthier market outlook driving higher volumes
- Well placed in most attractive segments, leveraging high quality product range
- Profitability gradually improving; back to double digit in 2020

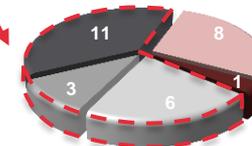
DELIVERIES BY PROGRAMME

1Q2017 = 12 new units



1Q2018 = 29 new units

AW FAMILY



- AW109 / AW119 / SW4 / AW009
- CH47
- AW159 / Lynx
- T129
- AW101
- NH90
- AW169

Electronics, Defence & Security Systems

Remains strong

€ mln	1Q			% Change	FY	
	2017 Reported	2017 Restated	2018		2017 Reported	2017 Restated
Orders	1,039	1,039	965	(7.1%)	6,146	6,146
Revenues	1,146	1,156	1,149	(0.6%)	5,506	5,550
EBITA	84	88	73	(17.0%)	537	537
ROS %	7.3%	7.6%	6.4%	(1.2 p.p.)	9.8%	9.7%

Of which DRS:

\$ mln	1Q			% Change	FY	
	2017 Reported	2017 Restated	2018		2017 Reported	2017 Restated
Orders	401	401	424	5.7%	2,016	2,016
Revenues	395	395	455	15.2%	1,914	1,947
EBITA	25	25	21	(16.0%)	143	146
ROS %	6.3%	6.3%	4.6%	(1.7 p.p.)	7.5%	7.5%

Avg. exchange rate €/€ @1.2295 in 1Q2018

Avg. exchange rate €/€ @1.0647 in 1Q2017

2018 OUTLOOK

- Revenues and profitability almost flat YoY
- Upward trends in some business areas
- Efficiency improvement
- Higher contribution from development programmes
- DRS benefitting from positive market trend

Aeronautics

Aircrafts positive outlook offsetting lower ATR and Aerostructures

€ mln	1Q			% Change	FY	
	2017 Reported	2017 Restated	2018		2017 Reported	2017 Restated
Orders	1,237	1,237	723	(41.6%)	2,615	2,615
Revenues	656	656	639	(2.6%)	3,107	3,093
EBITA	46	46	47	2.2%	324	311
ROS %	7.0%	7.0%	7.4%	0.4 p.p.	10.4%	10.1%

2018 OUTLOOK

- Revenues expected almost flat YoY
 - Aircraft benefitting from EFA Kuwait and C-27J export
 - Aerostructures volumes expected to decline

 - Profitability in line with 2017
 - Efficiency improvement
 - Higher Aircraft performance
- Offsetting** →
- Expected lower ATR contribution
 - Unsatisfactory Aerostructures performance

Space

Stable outlook

€ mln	1Q			% Change	FY	
	2017 Reported	2017 Restated	2018		2017 Reported	2017 Restated
EBITA	8	12	7	(41.7%)	79	72

2018 OUTLOOK

- Revenues and profitability expected almost in line with 2017



APPENDIX

1Q 2018 Results

Group Performance

	1Q			% Change	FY	
	2017 Reported	2017 Restated	2018		2017 Reported	2017 Restated
€ mln						
New Orders	2,647	2,647	2,164	(18.2%)	11,595	11,595
Backlog	34,832	35,189	33,360	(5.2%)	33,578	33,637
Revenues	2,476	2,361	2,451	3.8%	11,527	11,734
EBITA	187	155	153	(1.3%)	1,066	1,077
ROS %	7.6%	6.6%	6.2%	(0.4 p.p.)	9.2%	9.2%
EBIT	155	123	121	(1.6%)	833	844
EBIT Margin	6.3%	5.2%	4.9%	(0.3 p.p.)	7.2%	7.2%
Net result before extraordinary transactions	78	49	50	2.0%	274	279
Net result	78	49	50	2.0%	274	279
EPS (€ cents)	0.136	0.085	0.087	2.4%	0.474	0.483
FOCF	(427)	(427)	(1,057)	(147.5%)	537	537
Group Net Debt	3,254	3,254	3,595	10.5%	2,579	2,579
Headcount	45,407	45,407	45,606	0.4%	45,134	45,134

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.

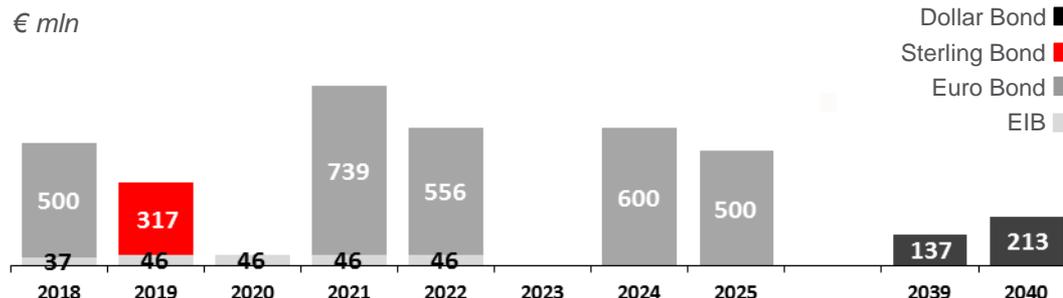
No material impact from IFRS15

- Leonardo applies retrospectively IFRS15 in 2018
- FY2017 and 2017 quarters fully restated in accordance with IFRS15 when presenting the 2018 corresponding quarterly accounts
- Not material preliminary impacts on FY2017 KPI's (higher revenues by ca. 2% and higher EBITA by ca. 1%)
- Cumulative estimated catch-up adjustment to be recognised in equity; ca. 5% reduction of Group net equity as of 31 December 2017
- More exposed area of activity is civil helicopters

Solid Financial Position as end of March 2018

DEBT MATURITY

Average life: ≈ 5.5 years



REVOLVING CREDIT FACILITY

Lower margin
Longer life



Renegotiated lowering margin (from 100 to 75 bps) and amount (from € 2.0 bn to € 1.8 bn), expiring in 2023

CREDIT RATING

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

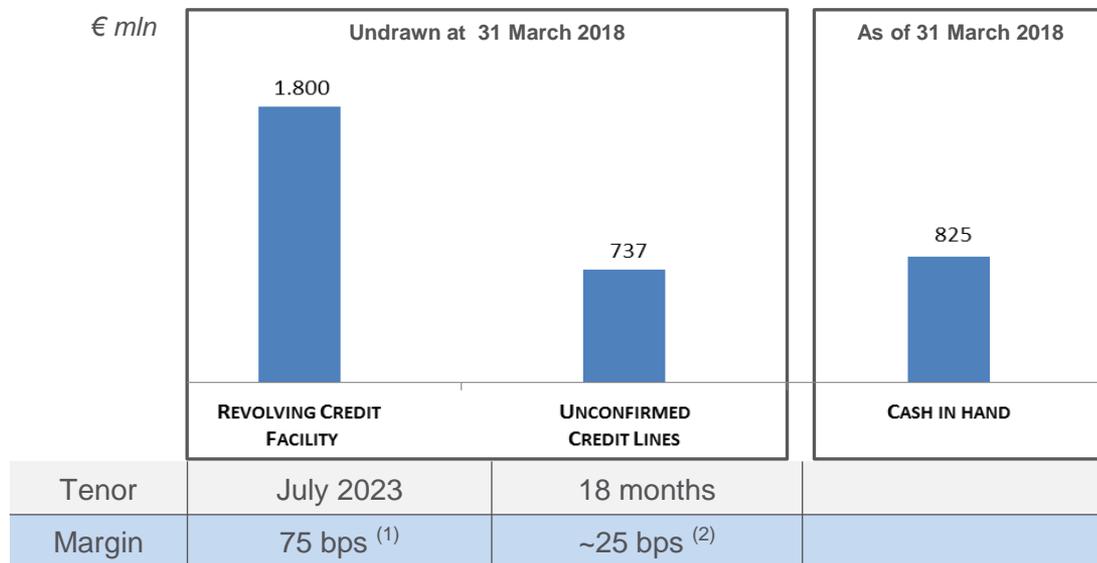
*Confirmed on May 2018

...fully committed to Investment Grade

Availability of adequate committed liquidity lines as end of March 2018

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

- 31 March cash balance of € 825 mln
- Credit lines worth € 2.5 bn (confirmed and unconfirmed)
- Revolving Credit Facility renegotiated on 14 February 2018, lowering margin (from 100 bps to 75 bps) and amount (from € 2.0 bn to € 1.8 bn). The facility will expire in 2023
- Bank Bonding lines of ca. € 3.7 bn to support Leonardo's commercial activity



(1) Based on rating as of 31/03/2018

(2) Average. Expected to be renewed at maturity

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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Company Documentation



www.leonardocompany.com

Sustainability



Member since 2010

Participation since 2008



Member since 2016

We do business in a sustainable manner, with a continued commitment to economic and social development and the protection of public health and the environment.

Social Hub

[Leonardo Social Hub](#)

