



3Q/9M 2019 Results Presentation

Alessandro Profumo

Chief Executive Officer

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Chief Financial Officer

Investor Relations and Credit Rating Agencies

—
Rome, 7 November 2019





Agenda

- > **Executing the Industrial Plan** *Chief Executive Officer*
- > 3Q/9M 2019 Results & Outlook *Chief Financial Officer*
- > Appendix



Solid 9M 2019 performance

- **Successfully driving commercial momentum**
- **Nine months results in line with expectations**
 - Good commercial performance and top line growth
 - EBITA up 9% and Profitability at 7.5% in line with our Plan
- **All main businesses delivering in line with Plan**
- **2019 Guidance confirmed**
- **Executing on our financial strategy**
- **Building and investing in sustainable future**



Fully focused on Industrial Plan execution: sustainable growth

HELICOPTERS



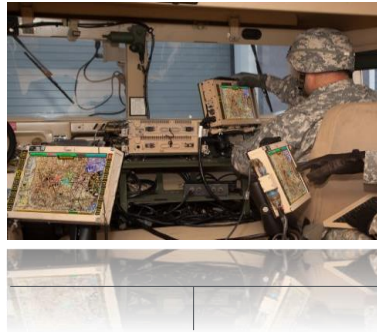
- Successfully achieving targets
- Strong and well diversified business
- Successes and capabilities in military / Customer, Support & Training offsetting weakness of civil market

ELECTRONICS



- Going from strength to strength
- Key goals to raise performance, leveraging best practices
- Building long term sustainable future (i.e. Tempest)

LEONARDO DRS



- Strongly growing in the attractive US market
- Strong top line increase and solid soft backlog
- Increasing profitability and cash generation

AIRCRAFT



- Solid performance
- Building success through key programmes (i.e. EFA, trainers)

AEROSTRUCTURES



- On track with the recovery plan



Agenda

- > Executing the Industrial Plan *Chief Executive Officer*
- > **3Q/9M 2019 Results & Outlook** ***Chief Financial Officer***
- > Appendix



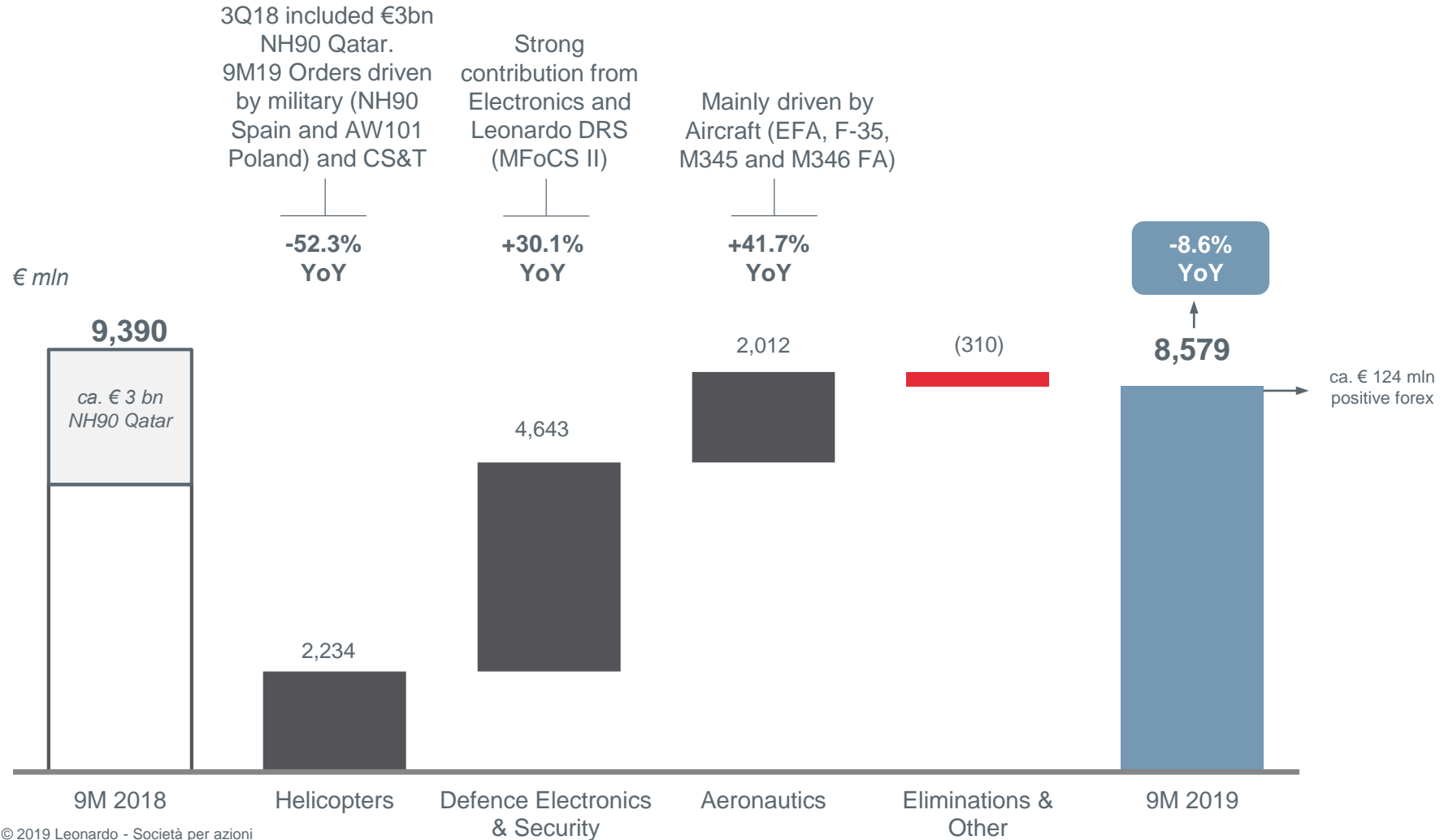
3Q/9M 2019 highlights

- **Good progress in 3Q/9M**
 - Orders at € 8.6 bn (9M18 included NH90 Qatar for ca. € 3 bn)
 - Revenues up 11% YoY at € 9.1 bn
 - EBITA up 9% YoY at € 686 mln with RoS at 7.5%
 - Net Result up 76.8% at € 467 mln
 - FOCF at € (1.2) bn, in line with usual seasonality
- **2019 Guidance confirmed**



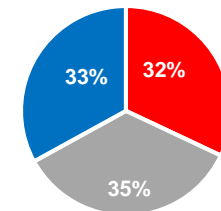
Order Intake

Good commercial momentum across the Group



ORDER BACKLOG

9M 2019 ca. € 36 bn

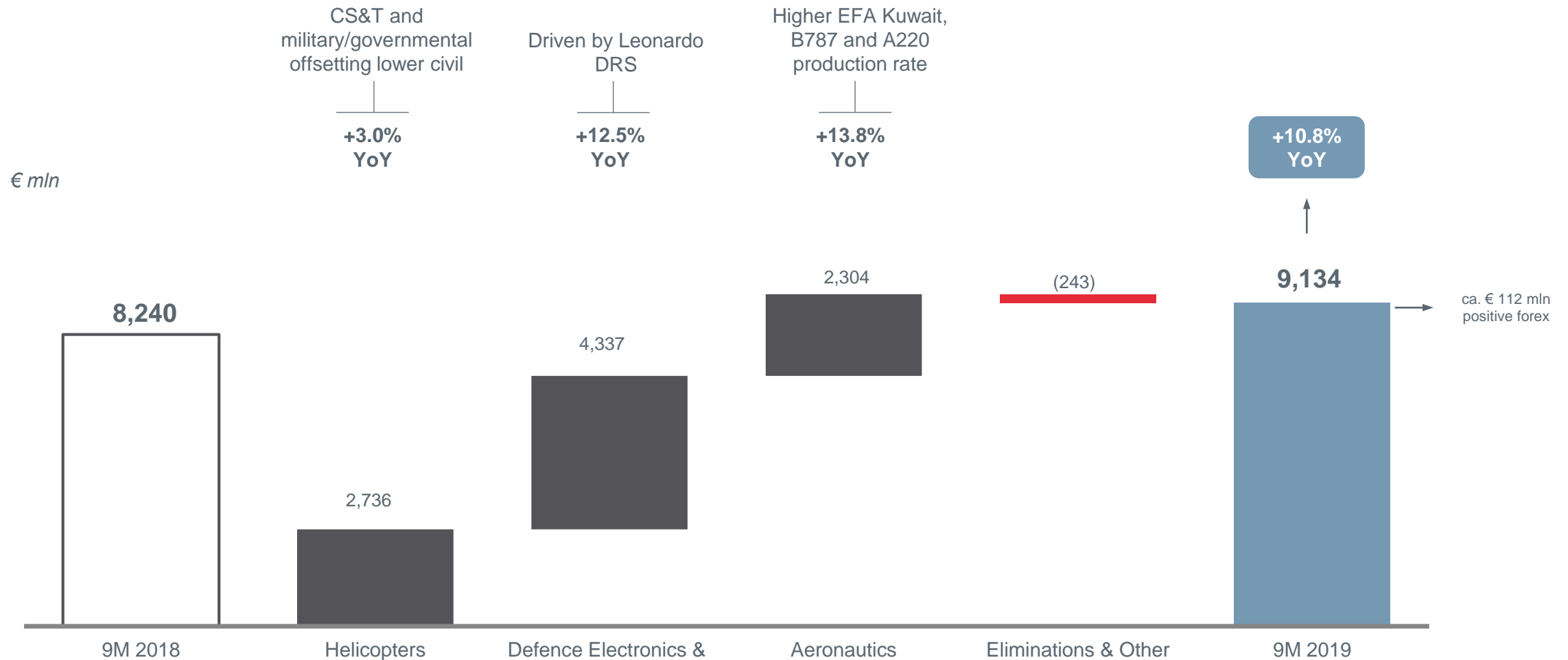


- Helicopters
- Defence Electronics & Security
- Aeronautics



Revenues

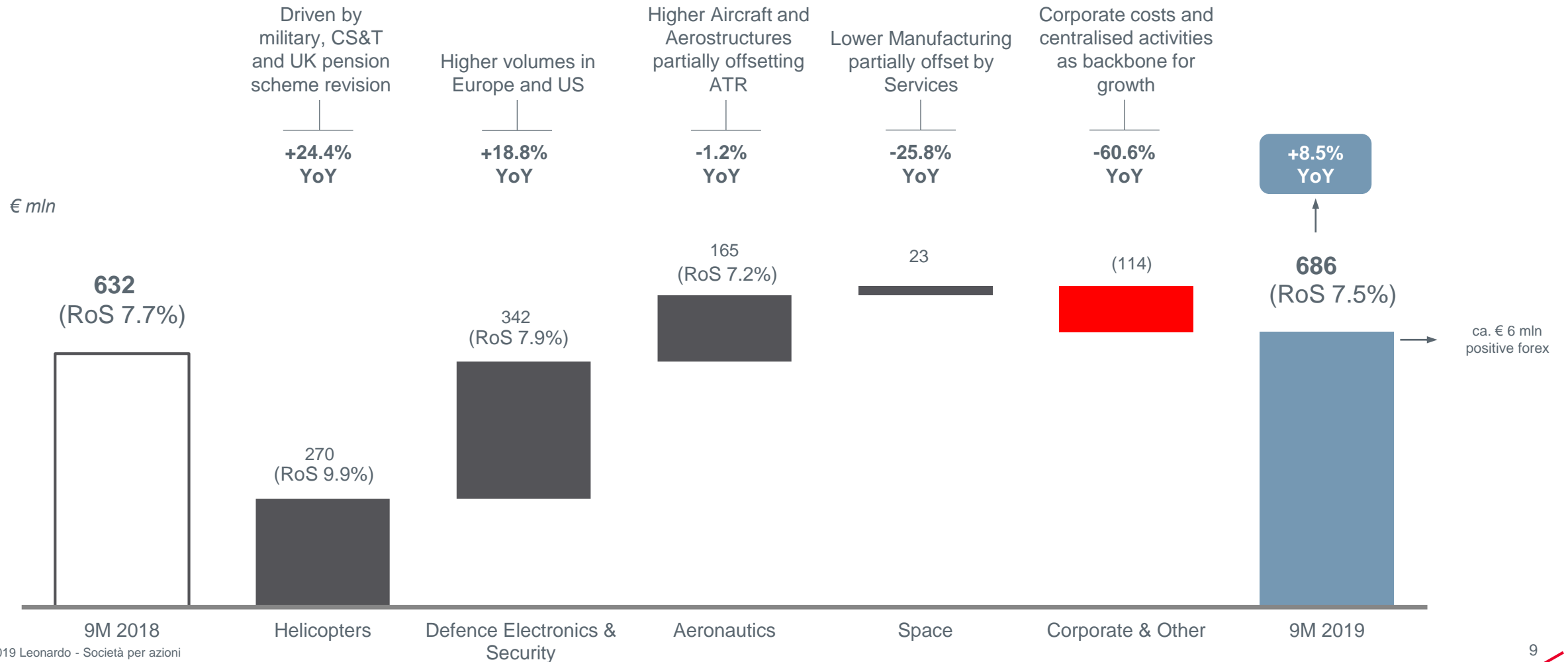
Positive momentum mainly in Defence Electronics & Security and Aeronautics





EBITA and Profitability

Higher performance across all businesses, with lower contribution from Space Manufacturing and ATR

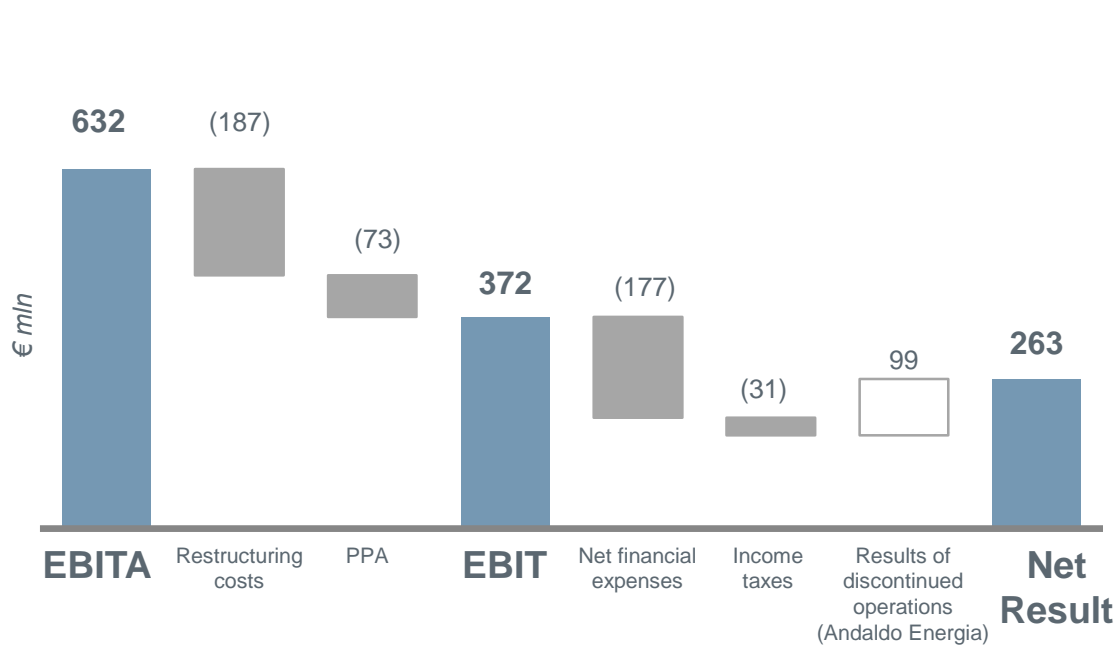




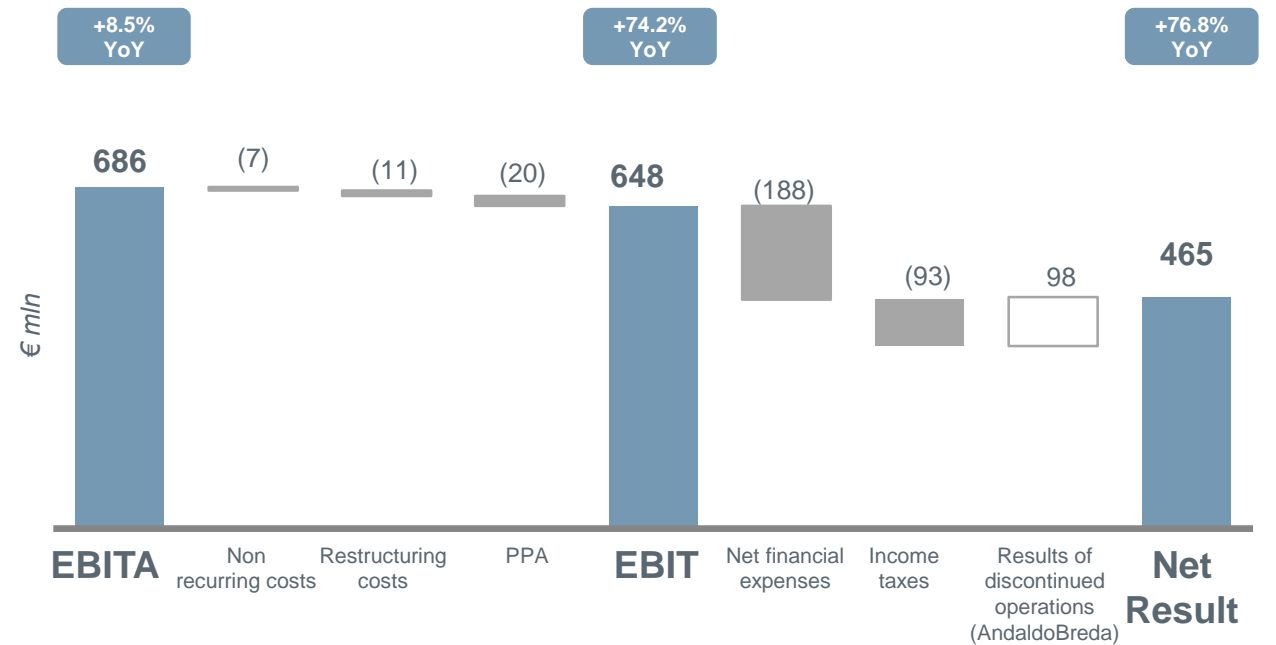
Net Result

Below the line benefitting from lower restructuring costs and PPA

9M 2018



9M 2019



- EBIT up 74.2%, driven by lower restructuring costs and lower PPA
- Net Result benefitting from the release of the risk provision set against guarantees given upon disposal of transportation business of AnsaldoBreda (2Q19)



FY 2019 Guidance confirmed

		FY2018A	FY2019 Guidance
NEW ORDERS	€ bn	15.124	12.5 - 13.5
REVENUES	€ bn	12.240	12.5 - 13.0
EBITA	€ bn	1.120	1.175 - 1.225
FOCF	€ mln	336	ca. 200
GROUP NET DEBT	€ bn	2.351	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

Q&A

SECTOR RESULTS



Helicopters

Well positioned to capture growth opportunities

€ mln	3Q 2018	3Q 2019	% Change	9M 2018	9M 2019	% Change	FY 2018
Orders	3,356	527	-84.3%	4,685	2,234	-52.3%	6,208
Revenues	826	841	+1.8%	2,656	2,736	+3.0%	3,810
EBITA	64	70	+9.4%	217	270	+24.3%	359
RoS	7.7%	8.3%	+0.6p.p.	8.2%	9.9%	+1.7p.p.	9.4%

2019 OUTLOOK

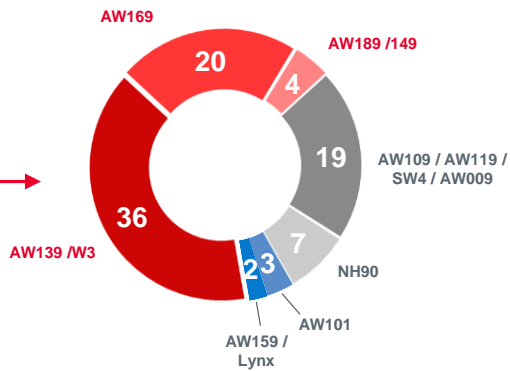
- Well placed in the most attractive segments
- Profitability strengthening: 9M2019 benefitted from higher military and customer support contribution and agreed changes to UK pension scheme.
- Back to double digit profitability by 2020
- Continuing optimization of industrial processes to improve competitiveness



Helicopters

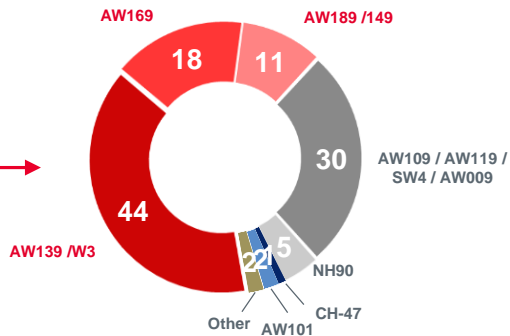
DELIVERIES BY PROGRAMME

9M2019 = 91 new units



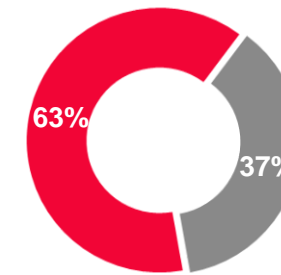
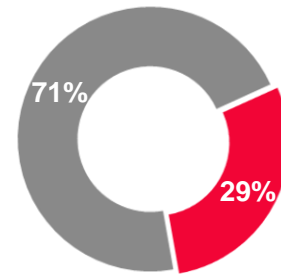
AW FAMILY

9M2018 = 113 new units



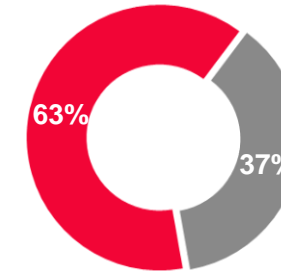
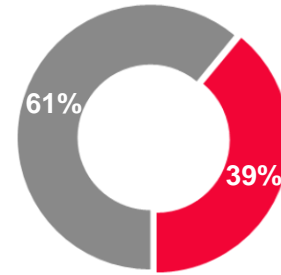
REVENUES BY CUSTOMER/SEGMENT

9M2019



■ Civil ■ Military/Governmental ■ OE ■ CS&T/Other

9M2018



■ Civil ■ Military/Governmental ■ OE ■ CS&T/Other



Defence Electronics & Security

Growing Revenues and Profitability

ELECTRONICS - EU

	3Q 2018	3Q 2019	% Change	9M 2018	9M 2019	% Change	FY 2018
€ mln							
Orders	620	652	+5.2%	1,950	2,660	+36.4%	4,408
Revenues	843	867	+2.8%	2,587	2,738	+5.8%	4,010
EBITA	50	66	+32.0%	218	238	+9.6%	394
RoS	+5.9%	+7.6%	+1.7p.p.	8.4%	8.7%	+0.3p.p.	9.8%

LEONARDO DRS

	3Q 2018	3Q 2019	% Change	9M 2018	9M 2019	% Change	FY 2018
\$ mln							
Orders	700	676	-3.4%	1,950	2,253	+15.5%	2,880
Revenues	582	687	+18.0%	1,541	1,816	+17.8%	2,339
EBITA	38	53	+39.5%	84	116	+38.1%	151
RoS	6.5%	7.7%	+1.2p.p.	5.5%	6.4%	+0.9p.p.	6.5%

Avg. exchange rate €/€ @ 1.12371 in 9M2019
Avg. exchange rate €/€ @ 1.19494 in 9M2018

2019 OUTLOOK

- 2019 revenue growth
- Profitability improvement
- Leonardo DRS to continue its strong performance
- Leonardo DRS Soft Backlog accounting for > 3x current Backlog (ca. \$ 3 bn)



Aeronautics

Solid Aircraft performance offsetting lower ATR

€ mln	3Q 2018	3Q 2019	% Change	9M 2018	9M 2019	% Change	FY 2018
Orders	291	681	+134.0%	1,420	2,012	+41.7%	2,569
Revenues	599	915	+52.8%	2,025	2,304	+13.8%	2,896
EBITA	44	44	+0.0%	167	165	-1.2%	328
RoS	7.3%	4.8%	-2.5p.p.	8.2%	7.2%	-1.0p.p.	11.3%

2019 OUTLOOK

- Higher revenues compared to 2018
 - Aircraft production increase (especially EFA Kuwait)
- Good levels of profitability supported by
 - Solid Aircraft performance
 - First signs of recovery in Aerostructures benefitting from efficiency improvement in line with expectations
- Softness in ATR expected to drive JV lower profitability YoY



Space

Pressure on Manufacturing

	3Q 2018	3Q 2019	% Change	9M 2018	9M 2019	% Change	FY 2018
EBITA	10	10	+0.0%	31	23	-25.8%	58

€ mln

2019 OUTLOOK

- Continued downturn in telecommunication market expected to affect Manufacturing activities

APPENDIX



3Q/9M 2019 Results

Group Performance

	3Q 2018	3Q 2019	% Change	9M 2018	9M 2019	% Change	FY 2018
€ mln							
New Orders	4,786	2,434	-49.1%	9,390	8,579	-8.6%	15,124
Backlog				34,501	35,672	+3.4%	36,118
Revenues	2,651	3,172	+19.7%	8,240	9,134	+10.8%	12,240
EBITA	162	199	+22.8%	632	686	+8.5%	1,120
RoS	6.1%	6.3%	+0.2 p.p.	7.7%	7.5%	-0.2 p.p.	9.2%
EBIT	132	186	+40.9%	372	648	+74.2%	715
EBIT Margin	5.0%	5.9%	+0.9 p.p.	4.5%	7.1%	+2.6 p.p.	5.8%
Net result before extraordinary transactions	58	115	+98.3%	164	367	+123.8%	421
Net result	156	116	-25.6%	263	465	+76.8%	510
EPS (€ cents)	0.271	0.202	-25.5%	0.456	0.809	+77.4%	0.888
FOCF	9	(167)	-1,956%	(800)	(1,217)	-52.1%	336
Group Net Debt				3,503	4,301	+22.8%	2,351
Headcount				46,413	49,234	+6.1%	46,462

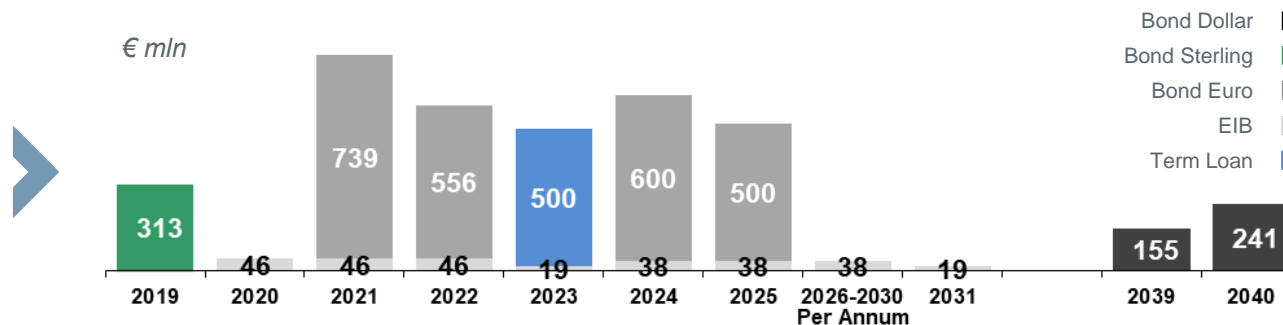
Free Operating Cash-Flow (FOCF): this is the sum of the cash flows generated by (used in) operating activities (which includes interests and income taxes paid) and the cash flows generated by (used in) ordinary investment activity (property, plant and equipment and intangible assets) and dividends received



Solid Financial Position as at end of September 2019

DEBT MATURITY

Average life: ≈ 5,4 years ⁽¹⁾



Repayment Conditions of New Debt Instruments

The Term Loan Facility is characterised 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 / <i>Stable Outlook</i>	Ba1 / <i>Positive Outlook</i>	October 2018 *
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

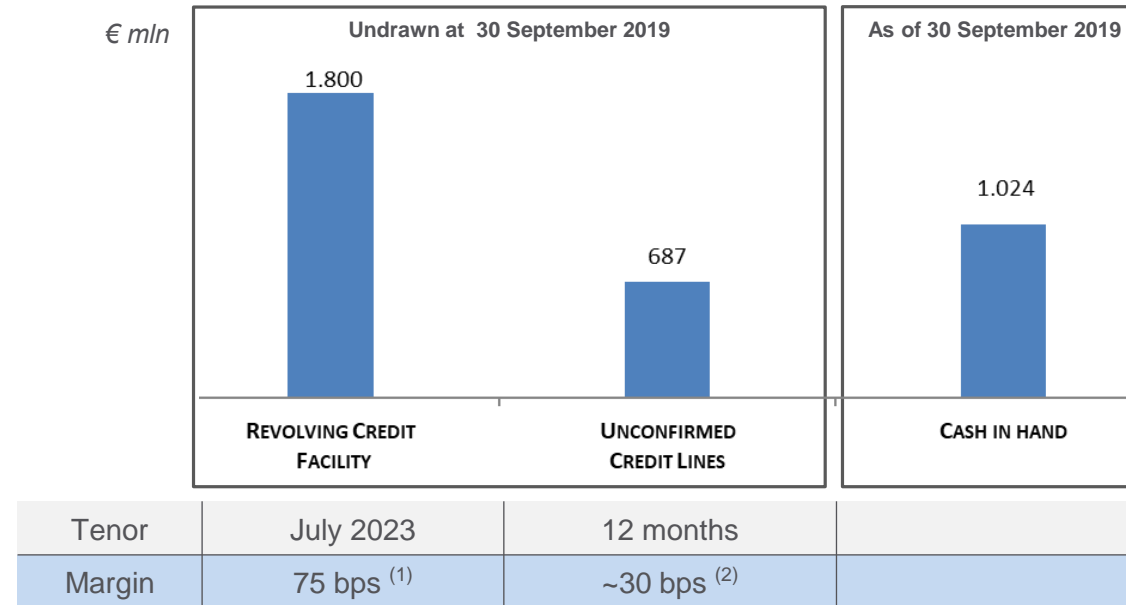
* In May 2019, Moody's upgraded Leonardo's Baseline Credit Assessment (BCA) to ba1 from ba2 and affirmed the Ba1 Corporate Family Rating (CFR)

⁽¹⁾ Excluding reimbursements due in 2019



Availability of adequate committed liquidity lines as at end of September 2019

- In order to cope with possible swings in financing needs, Leonardo can leverage:
 - 30 September cash balance of € 1.0 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 € 3.2 bn to support Leonardo's commercial activity



(1) Based on rating as of 30/09/2019

(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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latest sustainability achievements