



Italian Equity Digital Summit

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Chief Executive Officer

Chief Financial Officer

—
19 May 2020





Agenda

- > **Key messages**
- > 1Q 2020 Results
- > Appendix

Chief Executive Officer

Chief Financial Officer



Key messages

Actively managing current challenges

- Proud of how our organisation and our people have responded
- Moved quickly to keep our people safe and ensure business continuity
- Relatively resilient military and governmental; civil demand slowdown
- COVID-19 impact on production efficiencies, programme execution and deliveries
- Mitigating actions and recovery plans already in place
- Too early to assess the full impact of the pandemic: FY2020 Guidance suspended
- Confidence in long-term strengths



What we are seeing

Current dynamics

	MARKET DYNAMICS	OUR EXPERIENCE
SALES / COMMERCIAL	<ul style="list-style-type: none"> • Travel restrictions affecting commercial campaign finalisation • Slowdown in civil demand – civil ca. 18% of 2019 revenues • Travel ban impacting deliveries 	<ul style="list-style-type: none"> • No major disruption to campaigns to date – but potential to have an effect across the Group • OEMs crisis expected to impact on Aerostructures • Helicopters deliveries down (11 in 1Q20vs 19 in 1Q19) • No deliveries in ATR in 1Q20
OPERATIONS	<ul style="list-style-type: none"> • New rules to protect people affecting <ul style="list-style-type: none"> › Productivity and efficiencies › Programme execution 	<ul style="list-style-type: none"> • Facilities are all running, however <ul style="list-style-type: none"> › Lower presence in sites as well as lower efficiency driving lower productive hours › Slowdown already visible on programme execution across divisions
SUPPLY CHAIN	<ul style="list-style-type: none"> • Potential effects on key suppliers 	<ul style="list-style-type: none"> • No major disruption so far but remains a concern – will continue to monitor closely



Our actions and responses

Clear recovery plan and mitigation actions

PROTECTING OUR PEOPLE

- Moved fast
- Protective measures to ensure safety
- Adapted working practices
- No employees furloughed

PROTECTING OUR BUSINESS – ACTIVELY USING ALL AVAILABLE LEVERS

1. **ACTIVELY WORKING WITH DOMESTIC CUSTOMERS**
 - Leveraging institutional support
 - Leveraging technologies in emerging opportunities
2. **RECOVERING OPERATING AND INDUSTRIAL PERFORMANCE**
 - Return to normal in our plants, maximising smart working effectiveness
 - Reassess production/delivery plans and align purchase plans
 - Continuous review of impacts and recovery plan with divisions
3. **SUPPLY CHAIN MANAGEMENT**
 - Actively assessing potential issues
4. **PRIORITISE INVESTMENTS**
 - ca.20%-25% savings expected
5. **COST REDUCTION**
 - Cost revisions on all programmes and expenses
 - Controllable costs down 10-15%
 - Labour cost savings ca. 10%
6. **STRENGTHEN LIQUIDITY**
 - € 2 bn additional credit facilities



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1Q 2020 highlights

Solid Order growth with COVID-19 beginning to impact performance

- **Good start to the year both commercially and operationally**
- **Commercial strategy achieving targets in line with our expectations**
 - Strong Q1 Orders at € 3.4 bn up 36% YoY with Book to Bill at ≈ 1
 - Solid Backlog at € 37 bn ensuring ca. 2.5 years of equivalent production
- **March impacted by measures introduced to combat COVID-19**
 - Lower productivity and slowdowns in programme executions
 - Delay in deliveries in civil Helicopters and ATR due to the travel ban
- **Significant impact seen on Q1 Revenues and EBITA, less material on FOCF**
 - Revenues at € 2.6 bn slightly lower YoY mainly due to slowdown in programme execution and lower deliveries
 - EBITA at € 41 mln, down 75% YoY, due to lower revenues and lower productivity
 - FOCF at € -1.6 bn in line with cash seasonality and partially affected by COVID-19
- **2020 Guidance suspended**



Order Intake

Continuous positive commercial momentum

Driven by IMOS programme for UK MoD and AW119 contract for US Navy

Solid contribution from Electronics and Leonardo DRS

Driven by Aircraft (F-35, C-27J and EFA) and Aerostructures (ATR)

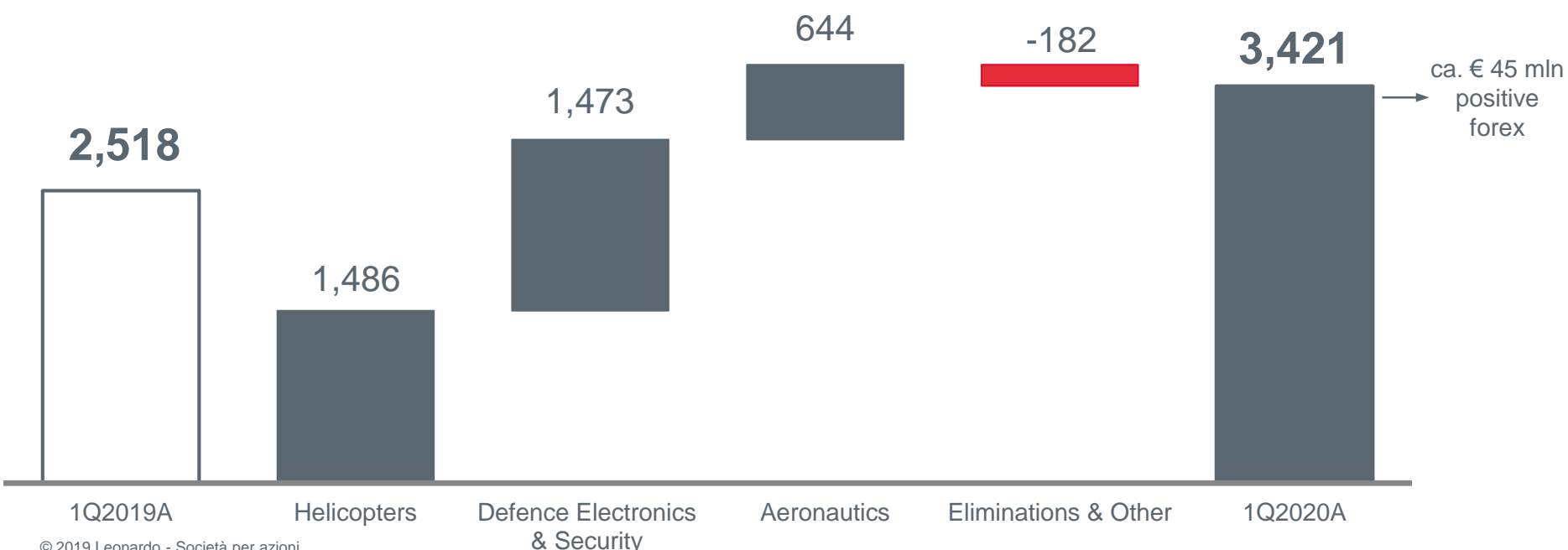
+116.0%
YoY

-2.3%
YoY

+41.9%
YoY

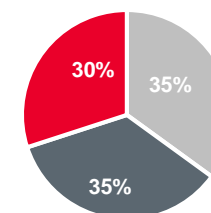
+35.9%
YoY

€ mln



ORDER BACKLOG

1Q2020 € 37.0 bn

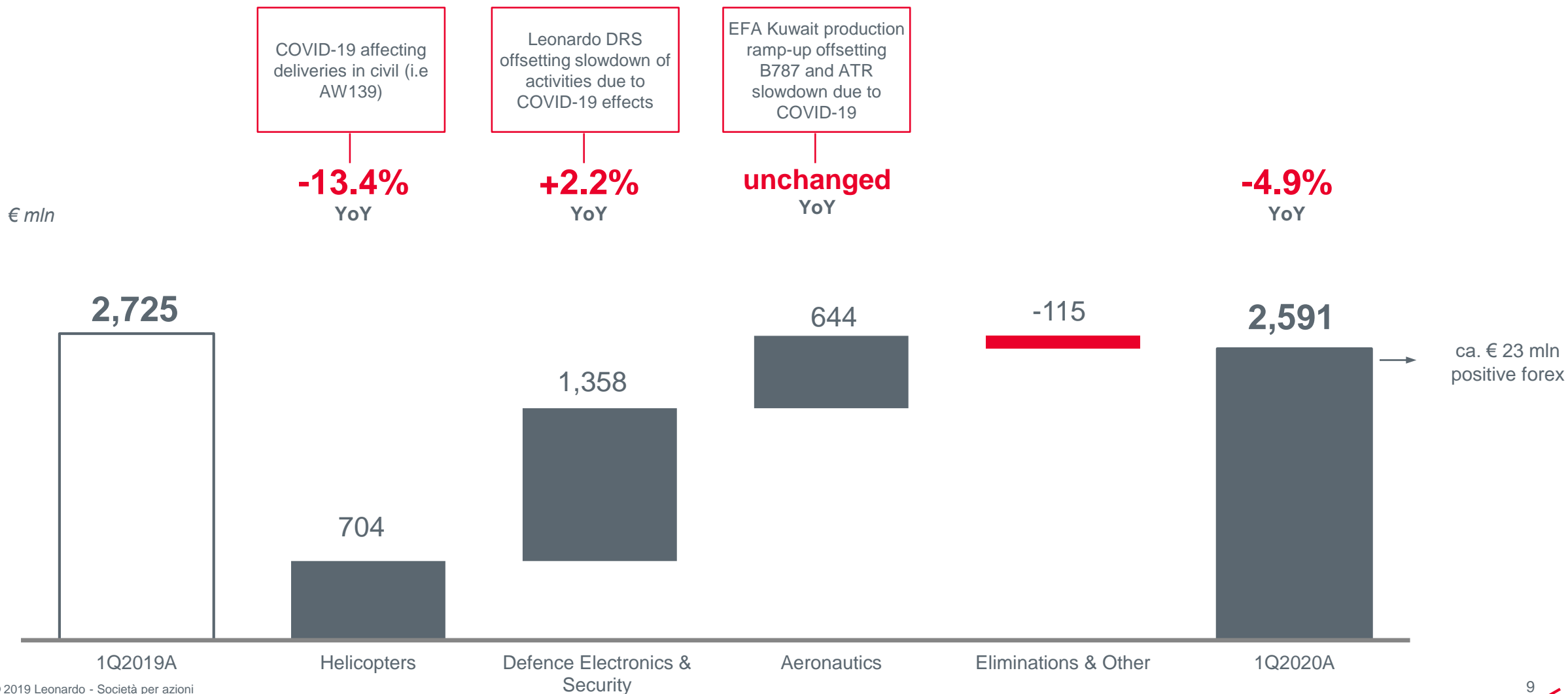


- Helicopters
- Defence Electronics & Security
- Aeronautics



Revenues

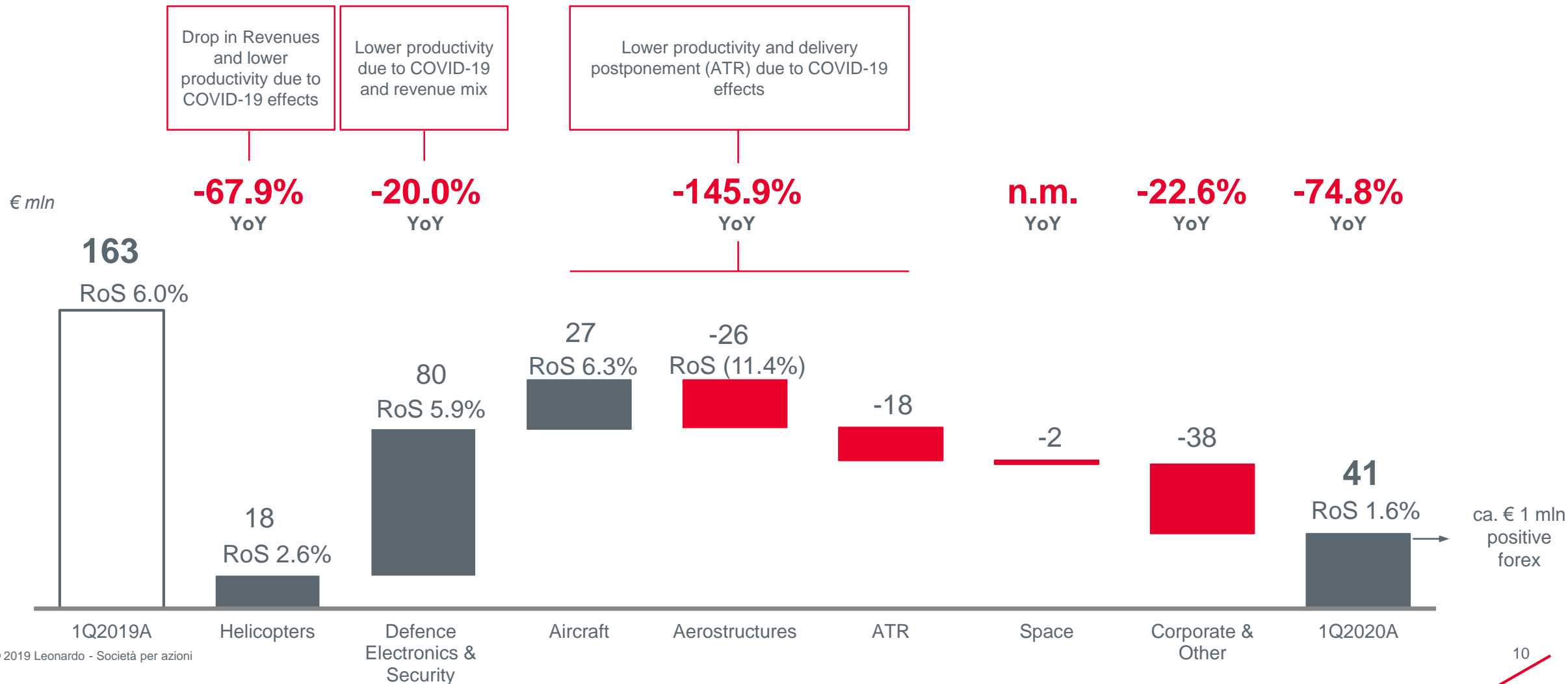
5% down YoY driven by Civil Helicopter deliveries, due to COVID-19





EBITA and Profitability

Performance affected by COVID-19 leading to lower revenues and lower productivity across all businesses

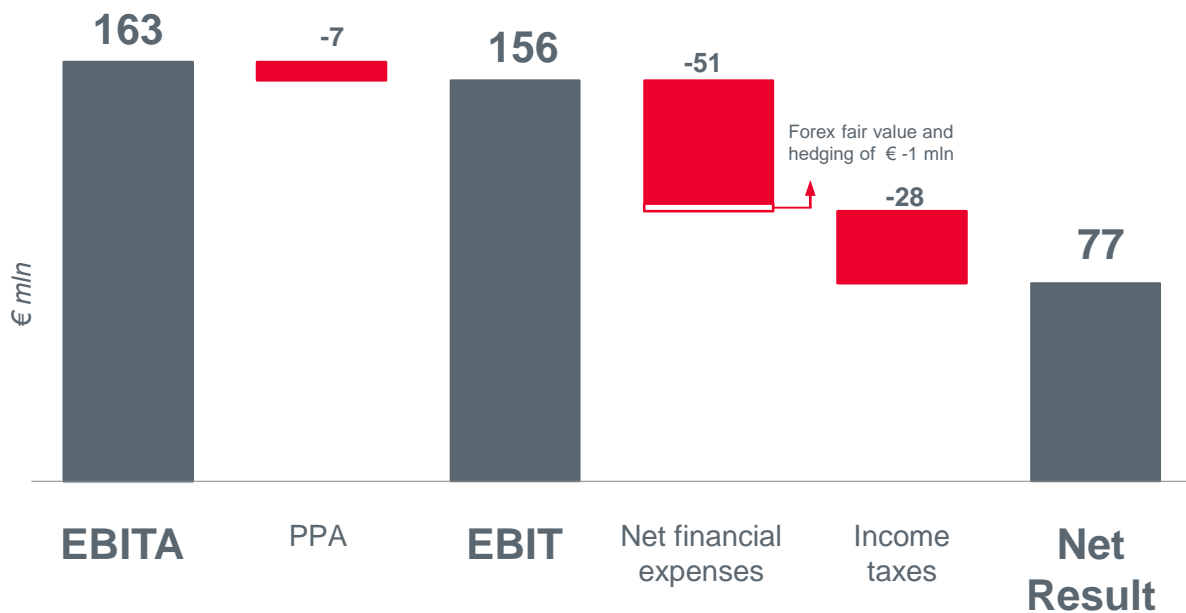




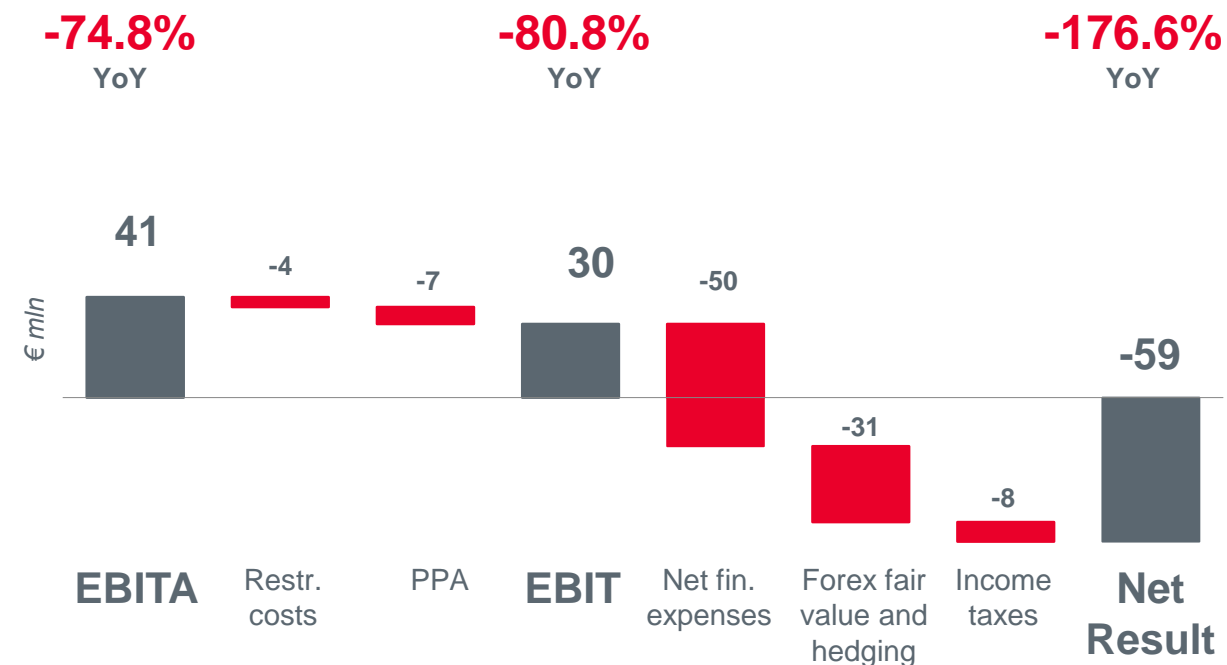
From EBITA to Net Result

Net Result affected by EBITA performance and higher financial expenses FX related

1Q 2019A



1Q 2020A



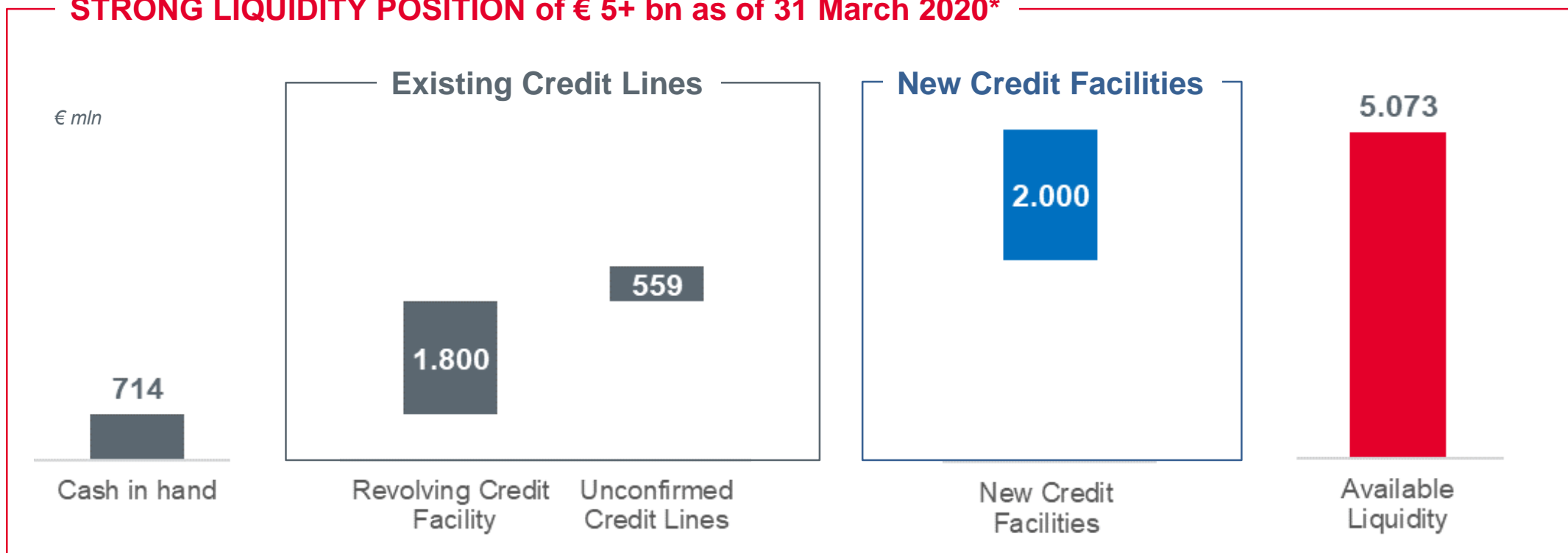
- EBIT down 80.8% due to EBITA decrease
- Net Result at € -59 mln affected by EBITA performance and higher financial expenses, associated with forex fair value and hedging



Strong liquidity position

- On May 6, 2020 **Leonardo signed € 2.0 bn credit facilities** with a pool of leading international bank
 - › The new facilities have a maturity up to 24 months and have no financial covenants
- The credit lines will support the Group's financial flexibility and bolster liquidity

STRONG LIQUIDITY POSITION of € 5+ bn as of 31 March 2020*





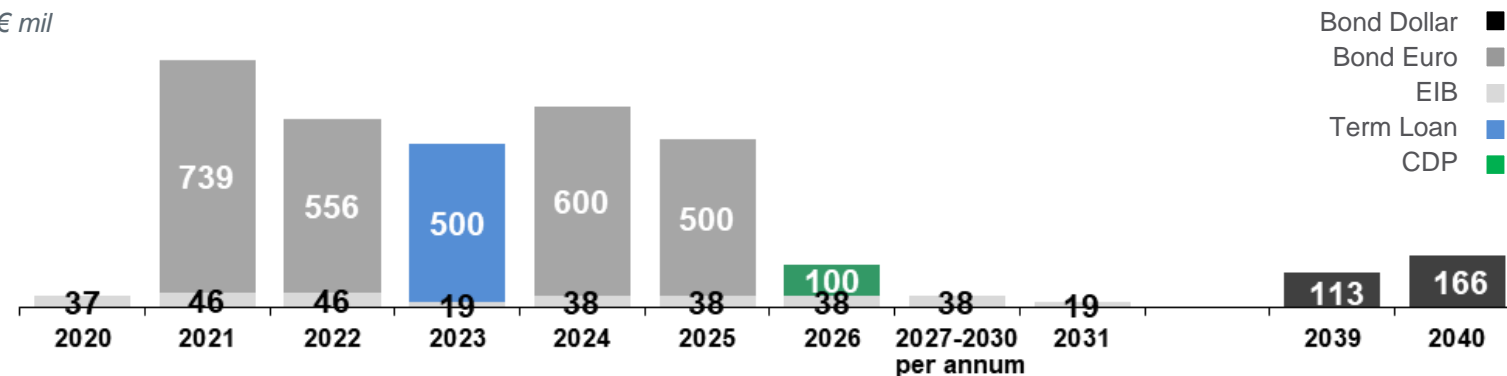
Balanced debt maturity profile

DEBT MATURITY

Average life: ≈ 4,5 years



In € mil



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>Positive Outlook</i>	April 2020
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)



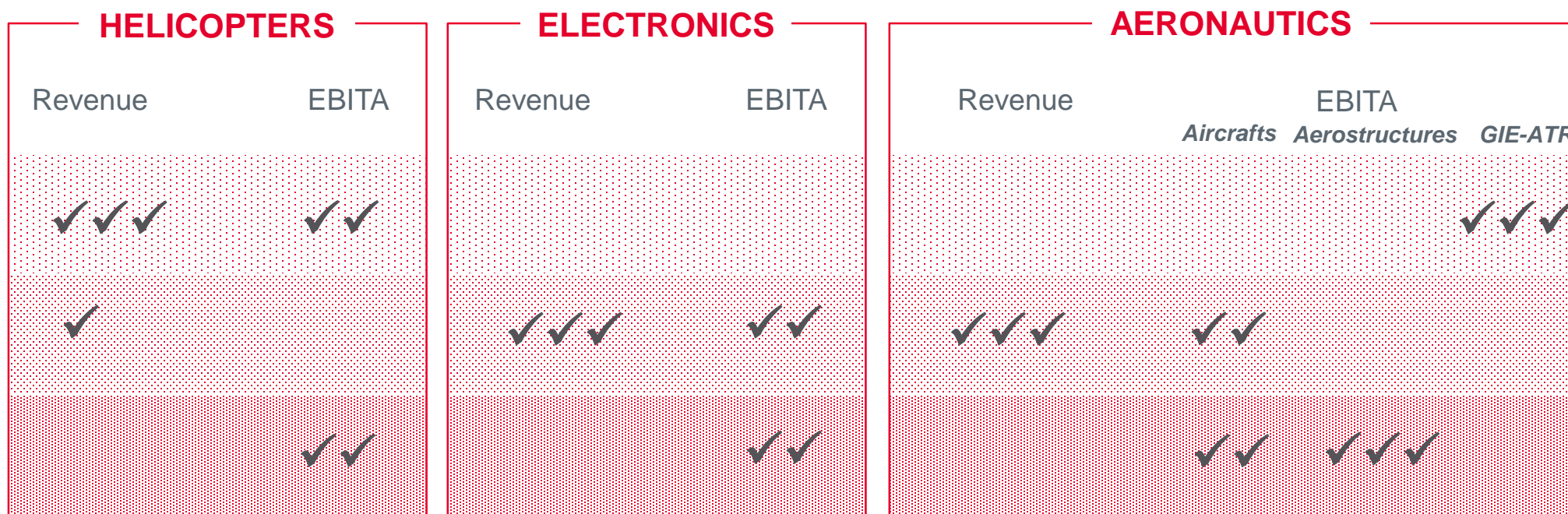
What we are seeing

COVID-19 Impact on Divisions in Q1

- Measures implemented to contain virus spread, including travel bans and lockdowns, impacted Q1
 - › Inability to finalise deliveries
 - › Programme execution slowdown
 - › Lower productivity

COVID-19 IMPACTS

- Delayed / lower deliveries
- Slowdown in programme execution
- Lower productivity





What we are seeing

- **Leonardo strategically relevant for our domestic markets**
- **Q1 reflecting initial impact of COVID-19 - Q2 expected to be affected the most**
- **FY2020 COVID-19 impact will be significant but not yet reliably quantifiable: 2020 Guidance suspended**
- **Mitigating actions promptly in place**
- **Short-term challenges do not change the Group's solid medium-long term fundamentals**

Q&A

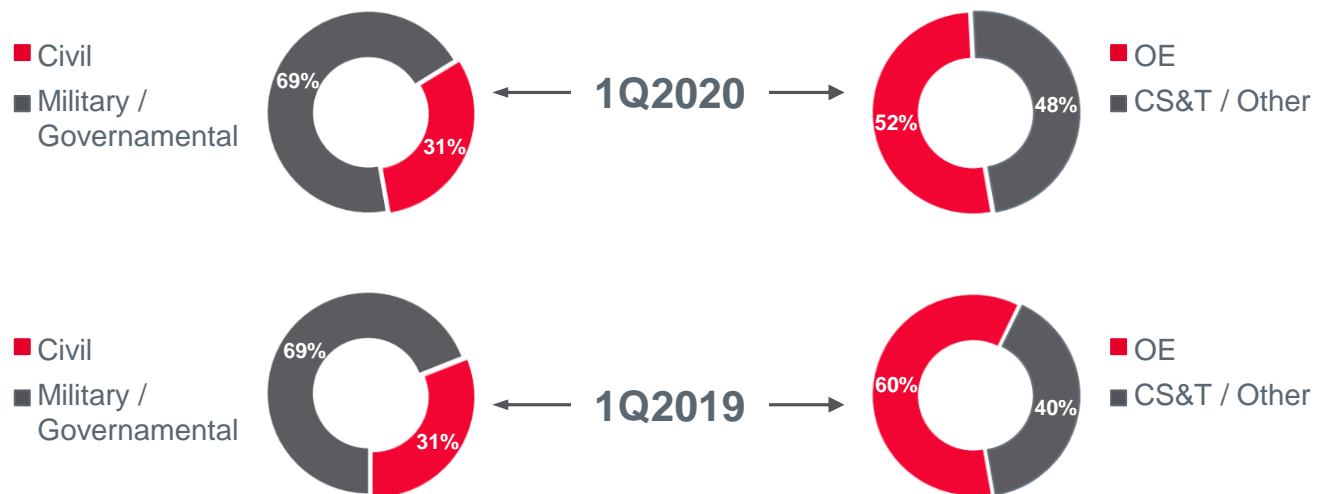
SECTOR RESULTS



Helicopters

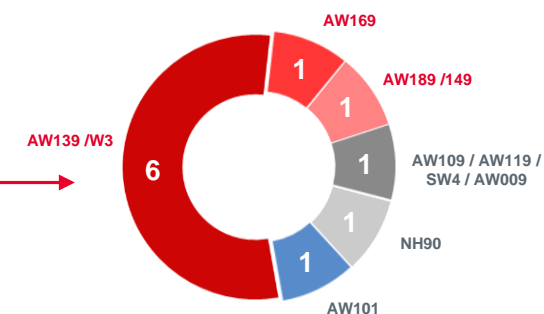
€ mln	1Q 2019	1Q 2020	% Change	FY 2019
Orders	688	1,486	+116.0%	4,641
Revenues	813	704	-13.4%	4,025
EBITA	56	18	-67.9%	431
RoS	6.9%	2.6%	-4.3 p.p.	10.7%

REVENUES BY CUSTOMER / SEGMENT

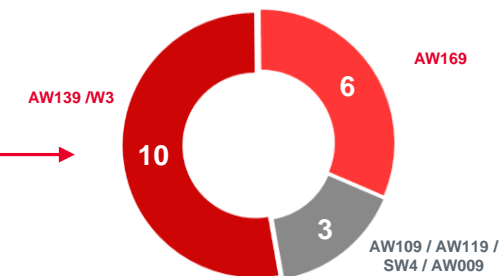


DELIVERIES BY PROGRAMME

1Q2020 = 11 new units



1Q2019 = 19 new units





Defence Electronics & Security

ELECTRONICS - EU

	1Q 2019	1Q 2020	% Change	FY 2019
€ mln				
Orders	823	862	+4.7%	4,444
Revenues	874	846	-3.2%	4,289
EBITA	76	46	-39.5%	427
RoS	8.7%	5.4%	-3.3 p.p.	10.0%

LEONARDO DRS

	1Q 2019	1Q 2020	% Change	FY 2019
€ mln				
Orders	687	615	-10.5%	2,611
Revenues	461	523	+13.4%	2,438
EBITA	24	34	+41.7%	186
RoS	5.2%	6.4%	+1.2 p.p.	7.6%

Avg. exchange rate €/€ @ 1.1023 in 1Q2020

Avg. exchange rate €/€ @ 1.1357 in 1Q2019



Aeronautics

	1Q 2019	1Q 2020	% Change	FY 2019
€ mln				
Orders	454	644	+41.9%	2,788
Revenues	644	644	<i>unchanged</i>	3,390
EBITA	37	-17	-145.9%	362
RoS	5.7%	-2.6%	-8.3 p.p.	10.7%

Space

	1Q 2019	1Q 2020	% Change	FY 2019
€ mln				
EBITA	1	-2	-300%	39

APPENDIX



1Q2020 Results

Group Performance

	1Q 2019	1Q 2020	% Change	FY 2019
€ mln				
New Orders	2,518	3,421	+35.9%	14,105
Backlog	36,575	37,000	+1.2%	36,513
Revenues	2,725	2,591	-4.9%	13,784
EBITA	163	41	-74.8%	1,251
<i>RoS</i>	6.0%	1.6%	-4.4 p.p.	9.1%
EBIT	156	30	-80.8%	1,153
<i>EBIT Margin</i>	5.7%	1.2%	-4.5 p.p.	8.4%
Net result before extraordinary transactions	77	-59	-176.6%	722
Net result	77	-59	-176.6%	822
EPS (€ cents)	0.134	-0.103	-230.1%	1.428
FOCF	-1,114	-1,595	-43.2%	241
Group Net Debt	4,016	4,396	+9.5%	2,847
Headcount	48,040	49,180	+2.4%	49,530

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



Covenant FY2019

	FY2019A Post IFRS 16		FY2019A Post IFRS 16
EBITDA ⁽¹⁾	€ 1,743 mln	Group Net Debt	€ 2,847 mln
Net Interest	€ -182 mln	Leasing (IFRS 16)	€ -451 mln
		Financial Debt to MBDA	€ -651 mln
		Group Net Debt for Covenant	€ 1,745 mln
		EBITDA	€ 1,743 mln
EBITDA / Net Interest	9.6	Group Net Debt / EBITDA	1.0
THRESHOLD	> 3.25	THRESHOLD	< 3.75

(1) EBITDA net of depreciation of rights of use



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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