ODDO BHF FORUM
Leonardo Presentation

Valeria Ricciotti, Head of Investor Relations & Credit Rating Agencies

Rome, 11th January 2022
Agenda

> Key messages

Alessandro Profumo, *Chief Executive Officer*

> 3Q/9M2021 Results

Alessandra Genco, *Chief Financial Officer*

> Update on Aerostructures

Lucio Valerio Cioffi, *General Manager*

> Sector Results

> Appendix
Key messages

- Solid nine-month results with strong and resilient military-governmental business, 87% of Group revenues
  - Solid Top Line growth (Orders +9%, Revenues + 6%)
- Results above 2019 levels on military-governmental
- Some positive signs in challenging civil aeronautics
- On track to deliver targets: FY21 Guidance confirmed
- Strong commitment to ESG with important achievements: first ESG-linked RCF signed in October and Leonardo appointed as Global Compact Lead for the second year in a row
- Strong foundations and core fundamentals giving confidence in medium-long term
Solid 9M results and on track, above 2019 in military-governmental

Progressing well with our Plan: 2021 Guidance confirmed

CONTINUED STRONG COMMERCIAL PERFORMANCE AND SOLID BACKLOG PROVIDING LONG TERM VISIBILITY

- Strong and resilient military/governmental
- Book to Bill ca. 1

SOLID RESULTS CONFIRMING OUR GROWTH PATH. POSITIVE SIGNS IN CIVIL

- Improving and more linear cash flow profile in 9M21, at -€1.4bn, and on track to achieve FY2021 Guidance
- Strong liquidity and financial flexibility
- Net Debt 2021 Guidance confirmed at €3.2bn

REVENUES € 9.6 bn

+6.0% YOY

- HELICOPTERS 48%
- AERONAUTICS 27%
- DEFENCE ELECTRONICS & SECURITY 25%

EBITA € 607 mln

+22.1% YOY

- HELICOPTERS 29%
- AERONAUTICS 20%
- DEFENCE ELECTRONICS & SECURITY 12%

ORDERS € 9.3 bn

+8.9% YOY

- HELICOPTERS 56%
- AERONAUTICS 24%
- DEFENCE ELECTRONICS & SECURITY 20%

BACKLOG* € 35.2 bn

25% NORTH AMERICA
20% REST OF EUROPE
12% REST OF WORLD
10% UK
29% ITALY

*not including Soft Backlog

ROS 6.3%

+0.8 p.p.

- ROS without pass-through at 7.3% (vs 6.2% in 9M20)
- ROIC at 8.5% (vs 7.0% in 9M20)

• Driven by volume increase and lower impact from COVID
• Improved performance across the Group
• Aerostructures in line with expectations
Signed the first ESG-linked financial instrument

NEW REVOLVING CREDIT FACILITY
SIGNED IN OCTOBER 2021, THE FIRST
TO BE ESG-LINKED

- €2.4 bn credit line, composed of two tranches
- Maturity until 2026
- Oversubscribed for €4.4 bn

LINKED TO SPECIFIC ESG INDICATORS

- Including
  - Reduction of CO₂ emissions
  - Promotion of employment of women with degrees in STEM disciplines

IN LINE WITH LEONARDO’S SUSTAINABILITY STRATEGY, AT THE BASIS OF THE INDUSTRIAL PLAN

- Further milestone in Leonardo’s commitment to sustainability and in the Group’s disciplined financial strategy
Strong confidence in medium/long term potential of our main businesses

**Helicopter platforms**
- Strong military/governmental and resilient civil business
- Attractive Customer Support & Training
- Solid backlog and leading product portfolio
- Continue to invest to build the future (i.e. AW09, AW609, Hero, AW169)

**Aircraft**
- Structurally strong business
- Well positioned on key international programmes (i.e. EFA, Tempest, JSF, EuroMale)
- Programme excellence in training with continued investments supporting growth
- Best in class profitability

**Aerostructures**
- Proactively addressing challenges in civil aeronautics
- Prospects of market recovery in Narrow Body and Regional

**Electronics**
- Attractive long term opportunities across avionics, land and naval programmes
- Strong order book
- Long-term trusted relationships with customers globally
- Well positioned on key international programmes (i.e. EFA, Tempest, JSF, EuroMale)
- Range of new programmes in development providing fuel for growth

**Leonardo DRS**
- Strong backlog (Unfunded of $11bn)
- Top line growth confirmed, well positioned towards US DoD key priorities
- Significant margin expansion already happening driven by programmes moving from development to production

*Excluding other activities and elimination*
Aerostructures update

• Before COVID outbreak we were ahead of schedule in restructuring the business
  o EBITA breakeven expected in 2021/2022 and FOCF in 2022/2023

• Pandemic materially affected air traffic, airlines and aircraft manufacturers

• Positive signs of early recovery in specific segments already visible

• ATR, Airbus and other programmes improving, while B787 still challenging. Effects reflected into our Plan

• Actions taken to improve industrial efficiency and flexibility
  o to mitigate/reduce losses in the short-term
  o to secure Aerostructures’ longer-term future

• 2021 confirmed to be the bottom year

• Current scenario leading to breakeven at the end of 2025

Doing all we can
Agenda

> Key messages  
  Alessandro Profumo, Chief Executive Officer

> 3Q/9M2021 Results  
  Alessandra Genco, Chief Financial Officer

> Update on Aerostructures  
  Lucio Valerio Cioffi, General Manager

> Sector Results

> Appendix
9M 2021 Highlights
Solid first nine months on track to achieve FY 2021 guidance

• Continued strong demand for our products supports growing top line
  • Backlog at € 35.2 bn, book to bill ca. 1
  • Order intake of € 9.3 bn, up 8.9% YoY
  • Revenues at € 9.6 bn, up 6.0% YoY

• Strengthening performance in all businesses; Aerostructures in line with expectations
  • EBITA at € 607 mln, up 22.1% YoY

• Improved and more linear cash flow profile. On track to achieve FY2021 Guidance
  • FOCF at € -1.4 bn significantly improved vs 9M2020

• Strong liquidity position confirmed; first ESG-linked RCF signed

• FY2021 Guidance confirmed
### Order Intake

**Continued strong commercial activity**

<table>
<thead>
<tr>
<th></th>
<th>€ mln</th>
<th>∆ % YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M2020A</td>
<td>8,510</td>
<td></td>
</tr>
<tr>
<td>HELICOPTERS</td>
<td>2,391</td>
<td>-24.2%</td>
</tr>
<tr>
<td>ELECTRONICS EUROPE</td>
<td>3,861</td>
<td>71.9%</td>
</tr>
<tr>
<td>LEONARDO DRS</td>
<td>1,603</td>
<td>-29.1%</td>
</tr>
<tr>
<td>AIRCRAFT</td>
<td>1,643</td>
<td>112.8%</td>
</tr>
<tr>
<td>AEROSTRUCTURES</td>
<td>299</td>
<td>-33.4%</td>
</tr>
<tr>
<td>ELIMINATIONS &amp; OTHER</td>
<td>-531</td>
<td></td>
</tr>
<tr>
<td><strong>9M2021A</strong>*</td>
<td><strong>9,266</strong></td>
<td><strong>8.9%</strong></td>
</tr>
</tbody>
</table>

*Including ca. € 102 mln of negative forex

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- **Large IMOS contract booked in 9M20. Postponement of some orders to 4Q21. In 9M2021 Orders for 36 TH-73A (AW119) for the US Navy, follow-on tranche of NEES for Italian Army, 9 AW139 for Saudi Royal Court, 8 AW139 for Italian Guardia di Finanza**
- **EFA Germany and equipment for two U212 Near Future Submarines (NFS). In Cyber, SICOTE (Territory Control System) phase 4**
- **Finalisation of major export contracts for M-346**
- **Lower OEM demand**
# Revenues

**Strong top line performance across the Group**

<table>
<thead>
<tr>
<th></th>
<th>€ mln</th>
<th>Δ % YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M2020A</td>
<td>9,025</td>
<td></td>
</tr>
<tr>
<td>HELICOPTERS</td>
<td>2,719</td>
<td>2.9%</td>
</tr>
<tr>
<td>ELECTRONICS EUROPE</td>
<td>3,023</td>
<td>10.7%</td>
</tr>
<tr>
<td>LEONARDO DRS</td>
<td>1,720</td>
<td>0.1%</td>
</tr>
<tr>
<td>AIRCRAFT</td>
<td>2,121</td>
<td>24.5%</td>
</tr>
<tr>
<td>AEROSTRUCTURES</td>
<td>405</td>
<td>-35.7%</td>
</tr>
<tr>
<td>ELIMINATIONS &amp; OTHER</td>
<td>-424</td>
<td></td>
</tr>
<tr>
<td>9M2021*</td>
<td>9,564</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

* Including ca. € 98 mln of negative forex

- Ramp-up in military/governmental (NH90 Qatar and TH-73A US Navy); AW189/AW149
- Growth across businesses impacted in 2020 by COVID 19 restrictions
- +6.5% in USD, confirming growing path – adverse FX effect
- Increase driven by M-346 trainers and EFA Kuwait
- B787 and ATR production slowdown as expected
**EBITA and Profitability**

*Strengthening performance as we increase volumes and reduce COVID impact*

<table>
<thead>
<tr>
<th>Segment</th>
<th>€ mln</th>
<th>RoS</th>
<th>Δ % YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M2020A</td>
<td>497</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>HELICOPTERS</td>
<td>223</td>
<td>8.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>ELECTRONICS EUROPE</td>
<td>281</td>
<td>9.3%</td>
<td>30.1%</td>
</tr>
<tr>
<td>LEONARDO DRS</td>
<td>144</td>
<td>8.4%</td>
<td>42.6%</td>
</tr>
<tr>
<td>AIRCRAFT</td>
<td>241</td>
<td>11.4%</td>
<td>18.1%</td>
</tr>
<tr>
<td>AEROSTRUCTURES</td>
<td>-125</td>
<td>-30.9%</td>
<td>-166.0%</td>
</tr>
<tr>
<td>ATR</td>
<td>-25</td>
<td>59.7%</td>
<td></td>
</tr>
<tr>
<td>SPACE</td>
<td>37</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>CORPORATE &amp; OTHER</td>
<td>-169</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9M2021A*</td>
<td>607</td>
<td>6.3%</td>
<td>22.1%</td>
</tr>
</tbody>
</table>

* Including ca. € 4 mln of negative forex

- Stable performance
- Higher volumes and profitability, impacted in 2020 by COVID 19 restrictions
- Confirmed margin expansion driven by the transition of some development programmes into production
- Growing volume and strong programme execution
- Lower volumes and lower assets utilisation
- Higher deliveries (16 in 9M21 vs 1 in 9M20) and benefitting from cost reduction actions
- Higher volumes and improved profitability in Manufacturing, good performance in Services confirmed. One-off tax benefit
From EBITA to Net Result
Net Result benefitting from EBITA increase

- EBIT up 13% due to EBITA increase offset by COVID 19 related costs and restructuring costs for the early retirement of Aerostructures workforce (€90m) as per agreement signed with the Unions in July 2021
- Net Result mainly benefitting from EBITA increase, with lower impact from FX hedging activity and lower financial expenses

- Improving and more linear cash flow profile in 9M21, at -€1.4bn, and on track to achieve FY2021 Guidance
Strong liquidity position at € 3.6bn

- Cash availability and credit facilities pro forma post signing new RCF ensure Group’s liquidity of € 3.6 bn
  - Cash & equivalents equal to € 0.4 bn
  - Confirmed credit lines equal to € 2.4 bn
  - Unconfirmed credit lines equal to € 0.8 bn
First Leonardo ESG-linked Revolving Credit Facility

Extending maturity to 2026 - Size fitting business needs - Lowering financial cost

- Further step in integrating economic and financial data and ESG targets
- Margins reduced compared to previous credit lines
- Margin adjustment mechanism linked to ESG KPI achievements

**Expanding Date and Amount**

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing RCF</th>
<th>First Tranche ESG-Linked RCF</th>
<th>Second Tranche ESG-Linked RCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>€1.25bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>€1.8bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>€0.6bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td>€1.8bn</td>
<td></td>
</tr>
<tr>
<td>2026</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Costs**

- Reduction by $\approx 30\%$

- Average Margin of existing Revolving Credit Facility
- Average Margin ESG-Linked Credit Facility

- Further step in integrating economic and financial data and ESG targets
- Margins reduced compared to previous credit lines
- Margin adjustment mechanism linked to ESG KPI achievements
## 2021 Guidance confirmed

<table>
<thead>
<tr>
<th></th>
<th>FY2020A</th>
<th>FY2021 Guidance*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Orders</strong></td>
<td>(€ bn)</td>
<td>13.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ca. 14</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>(€ bn)</td>
<td>13.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13.8-14.3</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>(€ mln)</td>
<td>938</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,075-1,125</td>
</tr>
<tr>
<td><strong>FOCF</strong></td>
<td>(€ mln)</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ca. 100</td>
</tr>
<tr>
<td><strong>Group Net Debt</strong></td>
<td>(€ bn)</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ca. 3.2**</td>
</tr>
</tbody>
</table>

*Assuming progressive improvement in the global health situation through the year with consequent normalization of operating / market conditions

**Assuming no dividend payable for 2020 results

2021 exchange rate assumptions: € / USD = 1.18 and € / GBP = 0.90

### 2021E

- Military/governmental business robust and resilient driving top-line growth, improving profitability and FOCF generation
- Civil Aeronautics expected to continue to be impacted by COVID related market downturn
### Closing remarks

- Back on the growth path
- Continued strong commercial activity globally building our backlog
- Top line growth across all sectors
- Robust profitability benefitting from increasing volumes and solid industrial performance
- Cash flow on track supported by detailed action plan delivering effects in 9M21
Agenda

- Key messages
  - Alessandro Profumo, Chief Executive Officer

- 3Q/9M2021 Results
  - Alessandra Genco, Chief Financial Officer

- Update on Aerostructures
  - Lucio Valerio Cioffi, General Manager

- Sector Results

- Appendix
Positioning for the future: addressing post Covid challenges in civil Aeronautics

• Progress and improving outlook in a number of areas
  • Clear action plan to address issues and improve industrial efficiency and flexibility
  • ATR recovering faster than expected
  • Airbus activity growing and ramping up
  • Other programmes robust and resilient
• B787 still challenging; effects reflected into our Plan
ATR: Reinforcing leadership in regional market

- Leader in regional market
- Environmentally friendly platform
  - Investing in SAF
- Turboprop market to recover earlier vs entire civil aeronautics
  - 2020 bottom year (10 deliveries)
- Good market opportunities (i.e. a/c replacement)
- Industrial efficiency plan
  - Enlarging portfolio (ATR42-STOL)
  - Delivering new Cargo version
Aerostructures: Key strengths

- Leadership in Aerostructures sustained by strong engineering skills and innovation Labs across the Group
- Well positioned on some of the most important aircraft platforms
- Customer base diversification
- Technology strengths with strong expertise in large and complex carbon fiber
- Leveraging our capabilities to pursue further opportunities in adjacent markets
COVID has changed the revenue profile and production rate in Aerostructures

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>PRODUCTION RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td><strong>2019</strong></td>
</tr>
<tr>
<td>B787 50%</td>
<td><strong>B787 FUSELAGE SECTIONS (44 and 46)</strong></td>
</tr>
<tr>
<td>B767 7%</td>
<td><strong>ATR FUSELAGES</strong></td>
</tr>
<tr>
<td>ATR 26%</td>
<td>ca. € 550 m</td>
</tr>
<tr>
<td>Airbus 12%</td>
<td>€ 1,125 m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2021E</strong></th>
<th><strong>2021E</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>B767 37%</td>
<td>14/avg. p.m.</td>
</tr>
<tr>
<td>ATR 16%</td>
<td>9/ avg. p.m.</td>
</tr>
<tr>
<td>Airbus 17%</td>
<td>exp.4/ avg. p.m.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Military 5%</th>
<th>ca. € 550 m</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATR 26%</td>
<td>16%</td>
</tr>
<tr>
<td>Airbus 12%</td>
<td>17%</td>
</tr>
</tbody>
</table>

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Our path towards breakeven: key assumptions
The recovery path has already started and is based on the following

<table>
<thead>
<tr>
<th>ATR</th>
<th>Production rate expected to increase starting from 2022, with material ramp up from 2023, expanding product family (Cargo and 42 STOL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIRBUS</td>
<td>A220 and A321 production rates already increasing above pre-Covid levels starting from next year. A220 profitable from 2H2023</td>
</tr>
<tr>
<td>MILITARY</td>
<td>Robust military contribution</td>
</tr>
<tr>
<td>OTHER PROGRAMMES</td>
<td>New programmes (i.e EuroMale) and additional work packages both in civil and military</td>
</tr>
<tr>
<td>B787</td>
<td>B787 breakeven from fuselage delivery no. “1,406” thanks to expected rate profile and pricing per contract</td>
</tr>
<tr>
<td>ACTION PLAN</td>
<td>Improving industrial efficiency and flexibility, while creating diversification</td>
</tr>
</tbody>
</table>

AEROSTRUCTURES BREAKEVEN

EXPECTED AT THE END OF 2025
## Aerostructures: Taking action to address issues

**Industrial efficiency and flexibility plan launched to counteract COVID impacts and ensure future sustainability**

<table>
<thead>
<tr>
<th>FOCUS</th>
<th>ACTIONS</th>
<th>RESULTS</th>
</tr>
</thead>
</table>
| **Cost Reduction** | • Headcount reduction involving 1,000 out of 4,500 people  
  • ca 500 early retirement  
  • ca.500 up-skilling/re-skilling and relocation across the Group  
  • Adoption of the LPS (Leonardo Production System), digitalisation for all sites inspired by world class manufacturing  
  • Energy savings with green energy  
  • Additional actions, including furlough | • Agreement signed with Unions for early retirement, up-skilling/re-skilling programmes and relocation  
  • Further increases in industrial cost reduction by 5%/6% per annum from 2022 |
| **Innovation and Industrial Transformation** | • Reindustrialisation of ATR programme and modernisation of production lines in Pomigliano (25%-30% hours saved per fuselage)  
  • Automatic assembly for specific manufacturing activities  
  • Acquisition of additional work packages on other programmes  
  • More flexible industrial footprint  
  • Paperless manufacturing process (i.e. assembly cycles, process instructions, control plans) | • Work in progress at different stages  
  • Paperless manufacturing process to be accomplished by the end of 2021 |
| **Flexibility** | • Allocation of new EuroMale wing production and subassembly  
  • Additional work packages from existing and new customers  
  • Leverage technologies and skills to address opportunities (i.e. military and space)  
  • New up-skilling/re-skilling programmes for 3,000 people | • EuroMale contract expected by year end  
  • Bidding phase of additional work packages in progress  
  • First phase of up-skilling/re-skilling completed |
Specialised production resulting in more robust and sustainable performance

<table>
<thead>
<tr>
<th>SITE</th>
<th>LOCATION</th>
<th>MISSIONibvre</th>
<th>STATUS/EVOLUTION</th>
</tr>
</thead>
</table>
| POMIGLIANO| ![Map](image1.png) | • Center of excellence for  
• assembly of fuselages in light alloy for regional  
  and narrowbody  
• frame production in carbon fiber  
• Design, Static and Fatigue tests Labs, Research Labs  
  in Aeronautics | • Top ranked Aerostructures site, with extended use of  
  applications of smart factories methodology and Industry 4.0 to  
  be fully competitive in the relaunch of civil programmes |
| NOLA      | ![Map](image2.png) | • Mechanical sheet in light alloy, panels and fuselage  
sections with automatic or semi-automatic technologies  | • Recognised Center of Excellence  
• No further investments other than to maintain state of the art  
  technologies on site  
• High level of flexibility thanks to multi-programme portfolio  
  (military/civil) |
| FOGGIA    | ![Map](image3.png) | • Center of excellence for the manufacture and  
assembly of tail and control surfaces in composite  
material with newly introduced automatic technologies  | • Investments to increase efficiency from 2023 almost completed  
• To become an advanced center of tail assembly, flexible and  
  suitable for many programmes  
• High level of flexibility thanks to multi-programme portfolio  
  (military/civil) |
| GROTTAGLIE| ![Map](image4.png) | • Designed solely for manufacturing and assembly of  
B787 sections (44 and 46) with One Piece Barrel  
technology  | • Center of excellence for carbon fiber large  
sections/components  
• Aiming at diversifying production through additional  
  programmes and new customers |
Summary

• We have taken actions to address challenges: clear action plan in place with results already visible in 2021

• The outlook is improving in ATR, Airbus and military activities
  • ATR: leading platform in its segment, expanding product family to capture new markets (e.g. cargo, 42 STOL), recognised as a green platform (-40% fuel consumption vs peers)
  • Airbus: significant ramp up in production (smart factories) with efficient cost per unit, relying on higher production rates
  • Military activities: addressing opportunities and relying on strong engineering skills and innovation Labs across the entire Group

• We also expect B787 production to improve, although at a slow rate in the short-term, representing a significant long term opportunity once recovery gains speed, as a key platform in long-haul market, with low operating costs

• Our recovery path has started and we now see the worst behind us
Q&A
SECTOR RESULTS
Helicopters

<table>
<thead>
<tr>
<th></th>
<th>3Q 2020</th>
<th>3Q 2021</th>
<th>% Change</th>
<th>9M2020</th>
<th>9M2021</th>
<th>% Change</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>628</td>
<td>382</td>
<td>-39.2%</td>
<td>3,154</td>
<td>2,391</td>
<td>-24.2%</td>
<td>4,494</td>
</tr>
<tr>
<td>Revenues</td>
<td>949</td>
<td>829</td>
<td>-12.6%</td>
<td>2,642</td>
<td>2,719</td>
<td>+2.9%</td>
<td>3,972</td>
</tr>
<tr>
<td>EBITA</td>
<td>80</td>
<td>75</td>
<td>-6.3%</td>
<td>219</td>
<td>223</td>
<td>+1.8%</td>
<td>383</td>
</tr>
<tr>
<td>RoS</td>
<td>+8.4%</td>
<td>+9.0%</td>
<td></td>
<td>+8.3%</td>
<td>+8.2%</td>
<td></td>
<td>9.6%</td>
</tr>
</tbody>
</table>

**2021 OUTLOOK***

- Growth driven by military/governmental business offsetting COVID related civil softness
- Profitability supported by efficiency initiatives and impacted by prime contractorship margin dilution

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*In absence of further worsening of the pandemic and consequent additional restrictions which may compromise current scenario*
Defence Electronics & Security

**2021 OUTLOOK**

- Growth in revenues recovering from 2020 pandemic slow down
- Profitability improvement supported by efficiency despite pass through and programmes under development

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**2021 OUTLOOK**

*In absence of further worsening of the pandemic and consequent additional restrictions which may compromise current scenario*
## Aeronautics

### AIRCRAFT

<table>
<thead>
<tr>
<th></th>
<th>3Q 2020</th>
<th>3Q 2021</th>
<th>% Change</th>
<th>9M2020</th>
<th>9M2021</th>
<th>% Change</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>103</td>
<td>408</td>
<td>+296.1%</td>
<td>772</td>
<td>1,643</td>
<td>112.8%</td>
<td>2,031</td>
</tr>
<tr>
<td>Revenues</td>
<td>630</td>
<td>887</td>
<td>+40.8%</td>
<td>1,704</td>
<td>2,121</td>
<td>24.5%</td>
<td>2,634</td>
</tr>
<tr>
<td>EBITA</td>
<td>82</td>
<td>91</td>
<td>+11.0%</td>
<td>204</td>
<td>241</td>
<td>18.1%</td>
<td>355</td>
</tr>
<tr>
<td>RoS</td>
<td>+13.0%</td>
<td>+10.3%</td>
<td></td>
<td>+12.0%</td>
<td>+11.4%</td>
<td></td>
<td>13.5%</td>
</tr>
</tbody>
</table>

### AEROSTRUCTURES

<table>
<thead>
<tr>
<th></th>
<th>3Q 2020</th>
<th>3Q 2021</th>
<th>% Change</th>
<th>9M2020</th>
<th>9M2021</th>
<th>% Change</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>105</td>
<td>166</td>
<td>+58.0%</td>
<td>449</td>
<td>299</td>
<td>-33.4%</td>
<td>581</td>
</tr>
<tr>
<td>Revenues</td>
<td>157</td>
<td>100</td>
<td>-36.3%</td>
<td>630</td>
<td>405</td>
<td>-35.7%</td>
<td>819</td>
</tr>
<tr>
<td>EBITA</td>
<td>-35</td>
<td>-43</td>
<td>-22.9%</td>
<td>-47</td>
<td>-125</td>
<td>-168.1%</td>
<td>(86)</td>
</tr>
<tr>
<td>RoS</td>
<td>-22.2%</td>
<td>-43.0%</td>
<td></td>
<td>-7.4%</td>
<td>-30.9%</td>
<td></td>
<td>(10.5%)</td>
</tr>
</tbody>
</table>

### ATR

<table>
<thead>
<tr>
<th></th>
<th>3Q 2020</th>
<th>3Q 2021</th>
<th>% Change</th>
<th>9M2020</th>
<th>9M2021</th>
<th>% Change</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>-28</td>
<td>-4</td>
<td>+85.7%</td>
<td>-62</td>
<td>-25</td>
<td>59.7%</td>
<td>(69)</td>
</tr>
</tbody>
</table>

### 2021 OUTLOOK*

- Aircraft production increase driven by EFA Kuwait, F35 and proprietary products (M-345, M-346)
- Aerostructures and GIE-ATR still heavily impacted by the civil market downturn caused by COVID

*In absence of further worsening of the pandemic and consequent additional restrictions which may compromise current scenario
Space

<table>
<thead>
<tr>
<th>€ mln</th>
<th>3Q 2020</th>
<th>3Q 2021</th>
<th>% Change</th>
<th>9M2020</th>
<th>9M2021</th>
<th>% Change</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>9</td>
<td>14</td>
<td>+55.6%</td>
<td>-1</td>
<td>37</td>
<td>n.a.</td>
<td>23</td>
</tr>
</tbody>
</table>

2021 OUTLOOK*

- Volumes and profitability expected to increase supported by gradual recovery of Manufacturing
- Confirmed solid performance of Satellite services

*In absence of further worsening of the pandemic and consequent additional restrictions which may compromise current scenario
APPENDIX
### 3Q/9M2021 Results

#### Group Performance

<table>
<thead>
<tr>
<th></th>
<th>3Q 2020</th>
<th>3Q2021</th>
<th>% Change</th>
<th>9M2020</th>
<th>9M2021</th>
<th>% Change</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Orders</td>
<td>2,406</td>
<td>2,584</td>
<td>+7.4%</td>
<td>8,510</td>
<td>9,266</td>
<td>+8.9%</td>
<td>13.754</td>
</tr>
<tr>
<td>Backlog</td>
<td>3,147</td>
<td>3,219</td>
<td>+2.3%</td>
<td>9,025</td>
<td>9,564</td>
<td>+6.0%</td>
<td>13.410</td>
</tr>
<tr>
<td>Revenues</td>
<td>205</td>
<td>207</td>
<td>+1.0%</td>
<td>497</td>
<td>607</td>
<td>+22.1%</td>
<td>938</td>
</tr>
<tr>
<td>EBITA</td>
<td>+6.5%</td>
<td>+6.4%</td>
<td>+0.1 p.p.</td>
<td>+5.5%</td>
<td>+6.3%</td>
<td>+0.8 p.p.</td>
<td>7%</td>
</tr>
<tr>
<td>EBIT</td>
<td>168</td>
<td>98</td>
<td>-41.7%</td>
<td>395</td>
<td>445</td>
<td>+12.7%</td>
<td>517</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>+5.3%</td>
<td>+3.0%</td>
<td>+2.3 p.p.</td>
<td>+4.4%</td>
<td>+4.7%</td>
<td>+0.3 p.p.</td>
<td>3.9%</td>
</tr>
<tr>
<td>Net result before extraordinary transactions</td>
<td>76</td>
<td>52</td>
<td>-31.6%</td>
<td>135</td>
<td>229</td>
<td>+69.6%</td>
<td>241</td>
</tr>
<tr>
<td>Net result</td>
<td>77</td>
<td>52</td>
<td>-32.5%</td>
<td>137</td>
<td>229</td>
<td>+67.2%</td>
<td>243</td>
</tr>
<tr>
<td>EPS (€ cents)</td>
<td>0.134</td>
<td>0.090</td>
<td>-32.8%</td>
<td>0.237</td>
<td>0.396</td>
<td>+67.1%</td>
<td>0.419</td>
</tr>
<tr>
<td>FOCF</td>
<td>-707</td>
<td>-7</td>
<td>+99%</td>
<td>-2,596</td>
<td>-1,387</td>
<td>+46.6%</td>
<td>40</td>
</tr>
<tr>
<td>Group Net Debt</td>
<td>5,884</td>
<td>4,690</td>
<td>-20.3%</td>
<td>3.318</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headcount</td>
<td>49,973</td>
<td>50,139</td>
<td>+0.3%</td>
<td>49.882</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Free Operating Cash-Flow (FOCF): 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.
Balanced debt maturity profile
No refinancing needs until 2022

CREDIT RATING

As of today | Before last review | Date of review
---|---|---
Moody’s | Ba1 / Stable Outlook | Ba1 / Positive Outlook | October 2018
S&P | BB+ / Stable Outlook | BB+ / Positive Outlook | April 2020
Fitch | BBB- / Negative Outlook | BBB- / Stable Outlook | May 2020

DEBT MATURITY
Average life: ≈ 4.2 years

In € mil

Bond Dollar
Bond Euro
EIB
Term Loan
CDP

DEBT MATURITY
Average life: ≈ 4.2 years

In € mil

In € mil

Bond Euro
EIB
Term Loan
CDP

As of today

Before last review

Date of review

Moody’s

Ba1 / Stable Outlook

Ba1 / Positive Outlook

October 2018

S&P

BB+ / Stable Outlook

BB+ / Positive Outlook

April 2020

Fitch

BBB- / Negative Outlook

BBB- / Stable Outlook

May 2020
## Covenant

<table>
<thead>
<tr>
<th>FY2020A Post IFRS 16</th>
<th>Group Net Debt</th>
<th>Leasing (IFRS 16)</th>
<th>Financial Debt to MBDA</th>
<th>Group Net Debt for Covenant</th>
<th>EBITDA*</th>
<th>Group Net Debt / EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 3,318 mln</td>
<td>€ 3,318 mln</td>
<td>- € 555 mln</td>
<td>- € 663 mln</td>
<td>€ 2,100 mln</td>
<td></td>
<td>1.5</td>
</tr>
</tbody>
</table>

**EBITDA**

- € 1,378 mln

**Net Interest**

- € 168 mln

**EBITDA / Net Interest**

8.2

**THRESHOLD**

> 3.25

---

* EBITDA net of depreciation of rights of use

**THRESHOLD**

< 3.75
Remuneration Policy
aligned with shareholders interests, business strategy and ESG criteria

• Convergence of interests between management and shareholders
• Aligning the remuneration package with international market best practices
• Including Sustainability/ESG objectives, consistently with business strategy
• Complying with transparency and merit system principles of the Group strategy
• Attracting / retaining key performer resources
• Reducing excessively risk-oriented behavior

CEO Remuneration components

<table>
<thead>
<tr>
<th>Fixed Remuneration</th>
<th>Short-Term Variable Remuneration</th>
<th>Long-Term Variable Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>44%</td>
<td>29%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Voting in favor of Remuneration Report 2021

- I and II sections: 97%
- Long Term Incentive Plan: 98%
**CEO short term variable remuneration (MBO)**

<table>
<thead>
<tr>
<th>Type of objective</th>
<th>KPIs</th>
<th>Weight</th>
<th>Functioning mechanism</th>
<th>Target / Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance Gate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic and Financials</td>
<td>Group EBITA</td>
<td>30%</td>
<td>On / off</td>
<td>1,075 € mil. – 1,125 € mil.</td>
</tr>
<tr>
<td></td>
<td>Group Free Operating Cash Flow (FOCF)</td>
<td>30%</td>
<td>Range Payout: 100%-120%</td>
<td>ca. 100 € mil.</td>
</tr>
<tr>
<td>Strategic</td>
<td>Aerostructure Division Restructuring Plan</td>
<td>15%</td>
<td>On / off</td>
<td>Business Plan</td>
</tr>
<tr>
<td></td>
<td>Book to Bill</td>
<td>15%</td>
<td>On / off</td>
<td>≥ 1</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Inclusion in Dow Jones Sustainability Indices</td>
<td>5%</td>
<td>On / off</td>
<td>Inclusion of Leonardo</td>
</tr>
<tr>
<td></td>
<td>Reduction in average accident frequency rate</td>
<td>5%</td>
<td>On / off</td>
<td>I ≤ 0,78</td>
</tr>
</tbody>
</table>

If one or both of the following thresholds are not achieved:
- Group EBITA: 85% of Budget
- Group FOCF: 100% of Budget
the bonus related to both KPIs is set to zero.

MBO Beneficiaries (Chief Executive Officer and Top Management) all have 10% ESG-linked metrics.
**Long Term Incentive Plan (LTIP)**

<table>
<thead>
<tr>
<th>KPIs</th>
<th>Weight</th>
<th>Reference financial period</th>
<th>Performance range (Target / Guidance)</th>
<th>Payout range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative Total Shareholder Return</td>
<td>35%</td>
<td>2021-2023</td>
<td>1-4, 5-6, 7, 8-13</td>
<td>100%, 50%, 25%, 0%</td>
</tr>
<tr>
<td>Group Net Debt</td>
<td>25%</td>
<td>2021-2023</td>
<td>Target (&lt; 3 € bil.)</td>
<td>100%</td>
</tr>
<tr>
<td>Return on Invested Capital</td>
<td>20%</td>
<td>2021-2023</td>
<td>Target (ca. 14%)</td>
<td>100%</td>
</tr>
<tr>
<td>Climate Change (Reduction in emissions scope 1 and 2)</td>
<td>10%</td>
<td>2021-2023</td>
<td>43.1, 44.0</td>
<td>100%, 50%</td>
</tr>
<tr>
<td>Gender diversity (% of women of total new hires with a STEM degree)</td>
<td>10%</td>
<td>2021-2023</td>
<td>20%, 18%</td>
<td>100%, 50%</td>
</tr>
</tbody>
</table>

Beneficiaries: Chief Executive Officer and key managers (executive in the Company, Subsidiaries, associates (former employees) in top management and/or other management positions in the Company or Subsidiaries) up to a maximum of 250 resources.
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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