

Leonardo to acquire a 25.1% stake in HENSOLDT AG for approx. € 606 million

- **Leonardo to acquire a 25.1% stake in German HENSOLDT AG from KKR**
- **The transaction supports further cooperation between Leonardo and HENSOLDT**
- **Solid capital structure will be maintained also through disposals and DRS listing**
- **Closing of transaction is subject to customary regulatory clearances and expected in the second half of 2021**

Rome, 24 April 2021 - Leonardo has entered into a definitive agreement with Square Lux Holding II S.à r.l., a portfolio company controlled by funds advised by Kohlberg Kravis & Roberts & Co. L.P., to purchase a 25.1% stake in HENSOLDT AG ("HENSOLDT") for a cash consideration of approx. € 606 million or € 23 per share. HENSOLDT is a leading European player in the field of sensor solutions for defence and security applications, with an expanding portfolio in cyber security, data management and robotics. As a result of the stake purchase, Leonardo will become the largest shareholder of HENSOLDT alongside Kreditanstalt für Wiederaufbau (KfW) which is 80% owned by the Federal Republic of Germany. KfW agreed to acquire a 25.1% stake in HENSOLDT in March 2021.

Alessandro Profumo, Leonardo CEO, said: *"We are excited about the investment in HENSOLDT as the catalyst for the establishment of closer cooperation that will further enhance our respective positions in the growing defence electronics market. We believe that this step will create value for all our shareholders as it will bring together complementary strengths to serve more customers and partners with the solutions they need, whilst preserving national technologies and capabilities. This investment also reflects our long-held view on the importance of building cooperation across the European aerospace and defence industry and demonstrates the determination of Leonardo to play an active role in this development."*

Thomas Müller, CEO of HENSOLDT, said: *"We very much welcome LEONARDO's investment in HENSOLDT. With this transaction, we will have a second long-term anchor shareholder in our company and a strong potential strategic partner with whom we are already successfully working together on a number of programs. As a leading provider of sensor solutions for defence and security applications, we see multiple opportunities of working together with LEONARDO to further support our successful strategy and to be able to strengthen HENSOLDT's long-term growth."*

With the investment in HENSOLDT Leonardo will establish a strategic long term presence in the fast growing German defence market.

Already today, Leonardo and HENSOLDT have a well-established relationship, including collaboration on the Eurofighter Typhoon program as independent operators within the consortium model. The envisioned closer cooperation will be based on a strong complementarity of the two companies in terms of geography, product portfolio, end markets, customers and suppliers in the Air Land and Naval domains and will allow them to deepen access to their respective markets, offer complete solutions to their customers and share best practices for the development of future technologies.

Upon closing of the transaction, Leonardo will propose two candidates to be nominated as members of the Supervisory Board of HENSOLDT.

Leonardo, a global high-technology company, is among the top ten world players in Aerospace, Defence and Security and Italy's main industrial company. Organized into five business divisions, Leonardo has a significant industrial presence in Italy, the United Kingdom, Poland and the USA, where it also operates through subsidiaries that include Leonardo DRS (defense electronics), and joint ventures and partnerships: ATR, MBDA, Telespazio, Thales Alenia Space and Avio. Leonardo competes in the most important international markets by leveraging its areas of technological and product leadership (Helicopters, Aircraft, Aerostructures, Electronics, Cyber Security and Space). Listed on the Milan Stock Exchange (LDO), in 2019 Leonardo recorded consolidated revenues of €13.8 billion and invested €1.5 billion in Research and Development. The company has been part of the Dow Jones Sustainability Index (DJSI) since 2010 and has been named as sustainability global leader in the Aerospace & Defence sector for the second year in a row of DJSI in 2020.

Leonardo will maintain a solid capital structure also through disposals and DRS listing.

The closing of the transaction remains subject to customary conditions, including regulatory clearances in Germany and a selected number of countries, and is expected to take place in the second half of 2021.

UBS and DB acted respectively as Lead Financial Advisor and Financial Advisor to Leonardo. Clifford Chance acted as legal advisor to Leonardo.