



Leonardo

March Industrial Plan Presentation

12 March 2026

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Welcome, everybody. Welcome to both here in presence in Rome, and to all of you joining us by webcast. First of all, let me introduce myself. My name is Claudia Introvigne. I'm the Investor Relations and Market Analysis Director here in Leonardo.

And it is also very special to welcome you here in our new hub. This is Leonardo's latest milestone, a brand-new strategic hub that will support over time Leonardo's mission of innovation and excellence.

Today, here at Gate 2080, we will present our new industrial plan, which will be presented shortly by our CEO and general manager, Roberto Cingolani. But before the beginning, I'd like to give you some information about the day. After the overview of the plan, we will welcome the questions from you, the financial community, with our CEO and our CFO, Giuseppe Aurilio. After that, we will have a light lunch. And finally, here today with us, there are the managing directors of the division. They are present, but most importantly, they are available to meet with the financial community. And we are really delighted to have them with us today.

So let's begin. Thank you all. I hope you will enjoy the day. Thank you.

Roberto Cingolani

Chief Executive Officer

First of all, thank you for coming. It's not a very nice day, very rainy, unusually in Rome. So twice thank you. I know the traffic is terrific today. I will spend about 45 minutes to tell you what is the vision of Leonardo for the next five years, with specific emphasis in the capital allocation for the next three years.

First of all, I'd like to summarise quickly what we have been doing in the early three years, in the first mandate of myself and the team. And then I would like to point out how we will take advantage of the impressive growth of our portfolio, both in terms of platforms, so hardware CapEx, and in terms of digital capabilities, how we can take advantage of this very competitive portfolio at global level for our organic growth. And on top, I will tell you another couple of drivers for our future industrial plan.

One will be the capability to integrate all our technologies in the digital continuum as well as in the physical space for the air defence. This is the so-called Michelangelo air defence system. And the second one will be the possibility to use all our technologies for what we expect to be the new frontier, which is the global security, and particularly hybrid wars, catastrophe recoveries, and so on and so forth.

So let's see what happened in the last three years. In terms of human resources in terms of people, I think the important thing is that we grew up from about 50,000 people to 63,000 people with a geographical fingerprint that was increasing by 30%. 100 sites or so in the world today is 130. What is remarkable is that you can analyse our domestic market, Italy, UK, US, Poland, and the rest of the world. The domestic market grew up approximately 18, 19%. But the geographical fingerprint grew up 28% at global level. So we grew up more abroad

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than in Italy, to be clear. And this means that our promise to be more international is being achieved in these years.

Now let's see the portfolio, the product portfolio. When we started, so we got the company in '23, there were a few relevant issues. Business were rather managed at the silos. There were a few unresolved performance issues. The product portfolio was fragmented. There was a very limited digital capability and a rather slow pace of innovation. The portfolio at that time was basically on platforms such as helicopters and fixed wing systems. There was a lot of electronics that was spread all over the different domains. Very little digitalisation, primarily dealing with some cybersecurity activity. That was the photography of Leonardo at the very beginning of our action.

Well, definitely the investor confidence was not very good. Market cap was rather small for the size of the business. And the cash conversion was around 54% if I remember correctly. I do have some numbers there, but I go by memory. Now, three years later, the picture is different because we focused a lot on a number of specific actions that we shared with you, of course. This was all shared with you since the very beginning.

So first of all, new products and increasing servitisation. So better margins, first of all, but also changing a little bit the nature of the portfolio. Creating strategic partnership or joint ventures and or selective merge and acquisition to complete the portfolio. This was a very careful make or buy analysis. Sometimes it's easier to buy than to develop in-house. It depends, of course, on what you want to do. But the aim was to complete the portfolio, to be as much as possible competitive with a complete portfolio, both software and hardware, let's say.

There was a cost optimisation and portfolio rationalisation. I'm sure you remember we closed a lot of activities, things that were rather marginal or not really fitting with the target of the company. We accelerated digitalisation to an extent that was never like this in the past. So we built up high-performance computing capability. Today we have more than 2,000 engineers that operate in AI-driven environment, more than 100 developers of codes. And of course, this was enabling us in terms of efficiency, increasing services into the different platforms. And of course, it was the main enabler for any multi-domain approach that we were actually targeting in the previous plan.

We launched the capacity boost program. Well, this was kind of mandatory, because in the meanwhile, as you know, there were wars in the planet, and the demand of defence system was increasing, and we have to accelerate our capability. This is ongoing, actually, but actually, it works. I mean, we do see the results.

And finally, we committed ourselves towards a very disciplined product capital allocation. Of course, the aim is to guarantee high return of the invested capital, but also to have a serious approach to how we manage our resources.

Now, after three years, I would say the portfolio is, as you see, is maybe the most complete you find among the peers. I think this is a competitive advantage that we have now. We are in all platforms, all, I mean, for maritime, we don't build the ships, but we are consulted with a builder in the country in Italy. But of course, we have now completed the portfolio in that we can make both managed and unmanaged system in any domain, manned and unmanned. This was through independent development in-house or through merge and acquisition or through joint venture, as I said before.

Electronics is the real glue of the company because we are sharing payload, weapons, command and control, basically the soul of all our platform as a common origin, which is the electronics, that grew up quite a lot, as you've seen by the numbers.



We launched the new space domain that was very fragmented at the beginning. Now we have a division. We are entering into strong international alliances. We are building our constellation. And so that was really a boost.

And finally, cybersecurity had a strong growth because of very selective choice of products. And of course, digitalisation became transversal through AI, data, high-performance computing, and so on and so forth.

Well, the numbers somehow show that this was a good approach. I think today the cash conversion is 69.5%, around 70%. I see my CFO here that's nodding, fortunately. And people grew up, as I said before, and we're very happy to say this year, for the first time, we broke the barrier of 1 billion in pre-operating cash flow. That was a kind of psychological barrier we wanted to go through as soon as possible.

Now, this is what we found at the beginning. This is today. I don't want to waste your time in describing this slide. It's just to show you the galaxy of Leonardo right now. It's the most complete portfolio in terms of digital and hardware. Digital and hardware, yes. Existing areas were improved sometimes. In grey, the important upgrades that we had to make, for instance, cybersecurity, mission critical communication, all the satellite services and space platforms, it was a strong upgrade. And in blue, it's all the new, what we didn't have.

So today, this is our footprint. And I believe what we have to remind, this is really a unique situation in which we can control from the platform to the system to the system of system, we can offer solutions that are completely software, completely hardware. I would love, because I come from hardware science, okay, hardware technology, I would love to be a software man. You know, little effort, a big return. But today, software people need hardware. And we do both. And I think this is our strength for the future. It's very important.

So what's the future? Today's defence. We completed the portfolio. As I said, we did a big effort. I mean, of course, it's an ongoing process. I'm talking about three years only, but it's very solid the approach now. We have new digital capabilities. We have all the platforms, manned and unmanned, which is very important. And this made us credible when we start talking about the multi-domain solutions, multi-domain technologies, because we really can do multi-domain products and solutions.

However, only by this we can take a big advantage. We can grow by this. You will see. I will show this in the next part of the presentation, and you will see how simply the complete portfolio and the dominance of both the digital and hardware capability let us be, allows us to be very competitive. But this opens new perspectives, more ambition.

Number one, you've seen what happened since October, when we presented Michelangelo, several of you were at the presentation. Since October, that was the most timely idea to be presented in that part of the year, because three months later, we have now 6 new conflicts in the Gulf, in Iran, in Lebanon, everywhere. And they're all dealing with air defence, air supremacy. It's impressive.

So everybody would like to have an air dome, but what about the platforms? Do we buy all the same platform from the same provider, from the same country? That obviously would be impossible economically for any country which is not named US or China because of the size of the economical power.

So we introduced our idea, which is the open architecture that makes it possible, different platforms from different builders to cooperate, to be orchestrated into a very effective air defence system. And this is what we are doing, and I will show you where we are going, and I will show you what kind of upside, very conservative, to be honest, what kind of upside we can get out of this vision.

And then there is a third driver. This is the third driver of our future, what we call the new normal. Now imagine, as we all hope that the war will finish all of a sudden, there will be any way a huge need of fighting, counteracting against hybrid wars. And not only those. There are also other very impressive economical impact that are coming



from disaster recovery, climatology issues, and so on. And those need basically the same technologies that we are developing for the Michelangelo Dome, and they're based on the same system that we develop here. So this is the jump from defence to global security. This will be the pathway of the plan.

Now I will discuss with you, that will be a bit boring. I will go platform by platform. I will be quick. We'll see what is the upside that we expect from the new portfolio, which is a competitive point of Leonardo. Then we will go to the second driver, which is the Michelangelo Dome, the open architecture that makes us very attractive to everybody not having the possibility to create all the platform in-house. So this is interesting for maybe 150 countries in the world, potentially. And then we will go to the new normal, the cyber war, the hybrid war, everything which will happen beyond a standard conflict. So these are the three drivers that I'm going to present to you. And I will give you the upside of the three of them.

Of course, the more we go towards the future, the more the forecast is tentative and rather conservative. But of course, we will update you quarter by quarter because this is rapidly evolving.

So let's see what is the portfolio benefit. Let's dismantle this structure, the fragment, the portfolio. Those are all our platforms now. Those are all our, let's say, software and services. And this is the network that let us work together. Now, with some patience, I will be quick. I hope not to be boring. Let's see, let's go through all this thumbnails.

So this is the fixed wind. Well, I mean, this is a very impressive transformation since three years, because we do have all the platforms here. GCAP, 6 generation fighter, the long-leaving Eurofighter platform, which is now extended. There is a lot of offer, there is a lot of update ongoing. The trainers and the light attack aircraft, the 346, which is doing very well in terms of business. The new drone solutions, thanks to the agreement with BICAR, now we are ready to offer drones from very small payload to very big payload, up to a couple of tons, including unmanned jet fighter, which are fundamental for the loyal wingman or in general for the adjunct drones for the 6th generation fighters.

Then we have the traditional airlifters and multi-mission platforms. And the class of services, simulation, training capabilities, electronic warfare, platform protection solutions, all the swarm intelligence that will govern the relationship between the mother aircraft or the father aircraft and the drones. Those things are all together. This is all in our portfolio. This we are actively working to that.

Helicopters. Well helicopters is also now has also a very complete portfolio. It's dual. We cover entirely the civil part, and we are very competitive in the military part. I want to point out the 249, which I believe beginning of '27 will be certificated on the market. Gian Piero, I'm watching you because the date is '27, I think, right?

Okay. And then there are all the unmanned rotorcraft. This is the Hero and the Proteus which are being tested. All the multifunction systems. So also in this case, it's a complete portfolio, manned and unmanned, plus all the services. Worldwide customer support, training network. There is a lot of mission system integrated sensor suites, electronic equipment, things that developed for the new machines.

So you see, I tend to emphasise that we do hardware and software. I mean, namely because the services are increasing the profitability, obviously, but also because it demonstrates the flexibility, the capability of Leonardo to offer products that are very competitive. And in most cases, cybersecure by design.

Land, that was the new entry, but particularly exciting. So let me be very clear. I heard about criticism about the land systems. I said, do we need land systems? Okay, we have to be very clear. Technologically speaking, in a continent like Europe, having 180,000 kilometres of borders, you will always need land defence. It's not like a big island in the middle of two oceans, surrounded by two countries like Canada and Mexico. That's a different story.



In our case, we have borders, 27 countries in Europe, another, I don't know, 20 or so in the eastern part. So we need land defence.

On top of that, there is something that I will drill down later, but it's very important. Now, Air defence, it is not only big missiles coming from 1,000 kilometres. It's also massive attack or swarm of drones, massive attack, or short-range missiles. And in that case, you cannot use countermeasures that cost 2 million to destroy a drone that costs 20,000 euro. In that case, you need artillery. Land artillery, very fast, very precise, connected to short-range radars, connected to a very advanced command and control system, but this is again land defence.

So, what we're going to do now, because now we have all the portfolio, the agreement with we Rheinmetall, have an agreement with the KNDS, we have acquired Iveco Defence, so Iveco Defence is not included in most of our numbers today, but we're going to close the merger in March this month, so we are on target.

So, what we do. We are developing end-to-end solutions, platforms, sensors, ammunitions. We can do everything. It's very important also that we are now, I think, among the very few, if not the only one, that can provide all platforms on wheels and on tracks. And this is very different for different markets, with all kinds of weaponisation, with all kinds of missions.

Main battle tanks and infantry vehicles, conventional and guided ammunitions, our under-55 ammunition guided are supposed to be the best in the world at the moment. All the electronic countermeasures and force protection because of typically there is hybrid electronic warfare and also drones that are attacking those land machines.

New integrated command and control solutions, these are again swarm intelligence type of approach. Those machines will be surrounded by those machines unmanned. So the concept of the G-cap, with flying G-cap, or the helicopters with the drone rotorcraft or land system is exactly the same. And you need, again, swarm intelligence to operate all together.

And then, of course, another bunch of technologies for counter-drone solutions, different platforms, and so on. I mean, this is clearly the same approach that we have on the helicopters on the aircraft for this is for this specific domain, land.

Now let's go to Naval. As I said, we don't build ships. This is a totally different job. But our electronics essentially and our cybersecurity divisions control all the intelligent parts of the ships. Combat management systems, surveillance, multi-mission radars, multi-spectral sensors, naval guns, the 76 millimetres, the volcano I think is best in class, conventional and guided ammunitions, naval communications, counter-UAS solutions. And you know, these things make the ship more or less intelligent. And this is all proprietary of Leonardo.

Finally, space. We're still in the hardware part primarily. You remember our plan was to reinforce end-to-end capability in satellite services. We are now proprietary of our Earth observation constellation. This was launched last year. It's under construction. You will see later in the roadmap, we're going to launch end of '27, beginning of '28. The Guardian constellations, it's called.

Then we have all the technologies for exploration and all the technology for the ground segment. I mean, this is a very complete portfolio, which is fundamental for both dual use, civil application, Earth observation, but also for Michelangelo-domain applications and so on and so forth.

Now let's see the horizontal part. Well, here it's just brute force, computational power, data handling, and people that are able to make algorithms for AI. We have reinforced substantially; we have doubled actually the capability in the last year. We'll be actually inaugurated, the new centre, the data tower in Genoa will be inaugurated in April.



Cybersecurity. Cybersecurity did something very clear. I think you remember when we presented the first plan, The target was to increase substantially the defence packages and proprietary products. At the beginning when we started, cyber was kind of system integrator, so integrating software done by others. We changed completely the landscape, hired many people, technical people.

So now, first of all, we are able to be, we are the first offering zero trust in technology made in Europe, which is NATO standard, by the way, so very necessary to interact. We have two important platforms. One is for defence operation, and the other one is for trust and security services and crisis management. Those are products, the platforms for cyber that are very transversal.

We are developing sovereign solutions for secure hybrid cloud, data platforms, and global monitoring. And we're developing mission critical communications. Those are the four things on which cybersecurity is focusing now. Did a lot, a very good job, more than double the volume of business. And of course, based on that, there are other products and other platforms to grow.

You see here, I mean, this is, I think, self-explanatory. Orders generated by proprietary products in basically 2 years, triplicated. So this is not integrating job done by others. This is proprietary. And this is the military part. In 2 years, plus 45% of military demand for cyber products.

Okay, I don't spend time on electronics because as I've seen, electronics is everywhere. So electronics is in itself a very powerful division. By the way, you will have today, I think for the first time, the opportunity after the presentation to go, [inaudible] making a very competitive portfolio with an order of expectation of 134 in five years. This is approximately 16 billion more than the last plan, the one that we updated on in 2024.

So, we'll be happy on the strategy, but of course the challenge will be a long-lasting wave, but we have to build the future on top. So, the aim is of this to be six-five years from now, Leonard to be irreversibly a world-class company capable to answer all in difference or global security. And this is the approach transversely all potential demands of potential markets.

So let's see what happens with Michelangelo now. We see the upside that Michelangelo could bring. So let's go, this you have seen most of you, but I think it's very important to go through the analysis of the threat because we have to see what is the need. Then this is the following. We can be attacked today. This is important. Ballistic or hypersonic, 5, 6 per second. So make it clear [inaudible] bombs so they can open the mouth and at a given height they can deliver the bombs and the bombs are guided. So very difficult to intercept.

So there is a plethora of those technologies. The point is you have to see them as soon as possible because they fly 3/4 minutes and at that point will be very fast in making threat analysis and weapon assignment. That's all. This is nothing you can do with a conventional kill chain that we use today.

The second approach, the second threat, is a massive threat involving different type of platforms. A swarm of drones, small drones that cost 20,000, 30,000 each, that are attacking and saturating the defence, or swarm of missiles or even aircraft that are attacking in big numbers. Now, clearly, and I hope this is clear, you can use missiles that cost maybe 1 million each to destroy a drone that costs 50,000 euro, but that's not very cost effective. And in the end of the day, it's going to be a big problem if you have a number of sequential attacks.

So those are the threats. What do we do with Michelangelo? Level one is to fight with the massive attack of low-cost drones. They're not very high. They operate, let's say, hundreds of thousands of meters. They come all together. You've seen this in these days from Tehran, you've seen in the conflict of Lebanon, you've seen everywhere in Ukraine.



First thing you have to create the so-called dead zone. The dead zone is a volume of space. Typically, we're talking about 10, 15 kilometres, length could be 25 kilometres, or even more if you want to protect the border, in which nothing should go through. The height can be 10 kilometres, so not so much to do with important missiles, just drones or other cheaper systems.

The way of choice to neutralise the threat is primarily artillery, in which we have very advanced products. 30 millimetres gun, 40 millimetres, 76 millimetres, with very high precision in front of my electronic boss, Marco, the 30 millimetres, I remember more than 20, 50 bullets per minute, 98% precision. Is that right? Okay, so that means that if you have a battery of those, of course, interconnected to radars and eventually to satellites, they can see the swarm coming, they take the position and they shoot.

Primarily, I mean, in almost all the shoots, you have one shoot, one drone destroyed. You can have 40-millimetre machines that are bigger. You can have 76. It depends on how much space you have and how much resources you have. But this is the so-called dead zone. And you see clearly there is an integration, satellite, radars, and artillery. And of course, you can have helicopters, you can have counter drone systems. This can be expanded as much as you want, as long as you have all the platforms and you own the software and the electronics and the control of those machines.

Let's go to the second threat, the one that comes from very high. Here you need really a complete portfolio. You need satellites, our Guardian constellation. Now you understand why we were pushing so much to our constellation. This is normally monitoring the infrared spot because typically those big missiles, they have an infrared signature. When they are launched, there is a specific flash that is typical of the missile. So you know when and where the missile has been launched. This information is passed to a different menu of radars. It depends on the distance. Leonardo has an outstanding portfolio of radars from 30 kilometres range up to 1000 kilometres more, and we're now funding the development of longer-range machines. Those can be mounted, can be installed in ships or on ground.

That's the fantastic things of controlling all the platforms. You put these things where you need them. It could be on ground; it could be on a ship. You can have small radars in a big network and a big one in a very specific location. You can really do whatever you want and the space you have to monitor is monitored according to the fact that you can combine all those technologies that are available.

Of course, you need to have the data about the threats. You have to identify the threats and then you have to assign which is the best system to best effector to destroy the incoming threat. Okay, those are the two extreme, low height and the high code. Now, the point is, we have minutes. So this cannot be human driven. It must be AI driven. So you need to collect all data, and you understand how many data here are circulating in this combat field, in this combat space. It could be 1000 kilometres, this one, very big, of course, and not necessarily a small space.

So we should be ready to manage hundreds and hundreds of TB of data per second. Order them, sort out, order, analyse with fast algorithm. You need supercomputing capability, maybe in combination with edge computing, because some of the preliminary data can be processed by edge computing, which is another source of new technology we are developing. And then in a matter of one or two minutes, you have to decide which weapon is assigned to destroy the threat.

Now, is this compatible in real life with the NATO doctrine, for instance? At the moment, you have to consider this. We act with 1 sense of 1 shooter. I have one radar, I see the threat, and I shoot it. And this is what I have. Imagine that this is true for each domain. So in land, you have your radar, your gun, whatever, your tank. In air, you have your aircraft, your satellite, whatever. But now imagine that all your domain have capability to find the threat, to fix it, to track, to target, to shoot and then to assess whether the system is destroyed. This is NATO doctrine.

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Now imagine that you already have a country in which all domains already have this capability, and those are very few countries. So this is country number 1, and this is called the kill chain, in which basically you get a dome that is protecting a single country. Now you have a country number 2, and there's another dome protecting this country, and this is another country which is protecting itself by the dome.

But you understand, this is not a complete approach. This is not a safe approach. Because every country will be individually pursuing the kill chain approach, which is not effective. And remember, each country has different effectors, different sensors, different equipment, different platforms.

So the dream of Michelangelo, the idea of Michelangelo, is let's transform the kill chain into a web chain. In order to make a web chain, you need all the platforms of all the countries to be interactive. So how can we make the different platforms built by different manufacturers talk to each other? And once they talk to each other, you take the data, you extract the data, you process the data, and the AI will make the decision.

The decision stands in country number 1 finds the threat. It's more convenient that country number 2, because it's in a better position, fix and then country number 3, we did some platform we'll track. And then maybe, again, country number 1 will be engaged because it has the highest possibility, probability to hit the threat. So these things is like operating in parallel. It's an orchestration.

You have two possibilities for that. One is that all countries buy the same platforms. So it must exist one country that sells platforms to everybody. It's impossible, to be very clear. The other country is the open architecture that we have proposed with Michelangelo, which is technically simple at implementation level, not that simple, but technically simple.

The idea is that you create an upper-level communication among all the platforms of the different countries, no matter, regardless of the builder, okay? It's Leonardo, it's, I don't want to make other names, but you know, any country.

So what is this? This a module that we call Michelangelo 5 for some reasons that interconnects all domains, including legacy assets. So ours, but not only ours. It's a communication layer. We do not enter into the electronics of the specific machine. No one will give you the secrets of the machine. It's just a top communication layer. And the data will be connected. So this should ensure multi-domain interoperability, inter-exchangeability, interconnection. It must be agnostic, platform, sensor, and effector agnostic. So it can be applied to any machine, existing machine. It is secure by design, made for expandable network, of course. And it enables the open architecture because you can integrate any defence system into the network.

So I know your question, nice picture, where do you make the money? Okay, the picture is nice. Believe me, this is very new, no one thought this, and I think now we have 20 countries that are in contact with us to see how we can make this. The money is very simple. You don't make the money on the hardware; you make the money on the service. You have to basically, you're selling a telephone, but the hub has to be paid. So you have a contract for service, for cybersecurity, for continuous update. You know the threats are evolving on a monthly base. Well, we're going to evolve on a monthly base too. And so this is actually the concept of the open architecture versus the rigid concept of a hardware architecture in which you buy my XX and my YY equipment, you put it there, and then you belong to the country that sold it to you.

This is the only way to make a European defence space in air, by the way, if you want to be very realistic. Will not be maybe the best, but for sure will be more functional than many individual air domain, air domes in different countries.



Why Leonardo? Well, obviously, because this goes back to what I told you before, we do all platforms. We do all command and control and communication systems and protocols and services. We do all sensors, all weapons, all effectors. So we are ready. We will do this anyway.

Just for your information, I can't say more, but the first component of the Michelangelo Dome, which is this one, is now under construction for our friends in Ukraine. The first test will be there in a real environment. Delivery is supposed to be before the end of the year. Don't ask me more. You understand it's impossible. But this is kind of proof that it's a very effective approach. Let's make it work now, of course. I mean, I'm not oversimplifying.

So what is the roadmap of Michelangelo? In terms of deliverables, this is a very committing program for us. We didn't make it public, but at the end of '25, we demonstrated intercept and destruction in one of those simulations done with the army, with our military forces, intercept, and neutralisation of a ballistic missile at 76 kilometres from the target. Mid-26, we're going to demonstrate the first case war. Case war means that we will make it fly a mother aircraft, which will be our M346 light attack fighter governing 2 unmanned fighters. The fighters are jointly produced with our colleagues in Baykar and will be operated directly by the mother aircraft. Incidentally, you understand that this is not a 6th generation fighter. This is a standard fighter. So the concept is, while we wait for the 6th generation fighter, which is, by the way, the frontier in the next decade, you can already provide to customers that don't have the opportunity to buy very big systems, kind of adjunct that can be operated in conjunction with existing aircraft.

We will have the dead zone trial. This is coincident with the Ukraine program that I told you by November, hopefully '26. And then we will start the NATO exercise, NATO trials in 2027. In the meantime, we are developing all the command and control, the MC5. So our electronic teams and the cybersecurity teams are working full time on this development.

We are at the end of '27, beginning of '28, where we have the first launch window for the Guardian space constellation. Second window will be end of '28, beginning of '29. And then we will start opening to the other countries. So actually, besides the very urgent program with Ukraine, we plan from the end of this year to start having a transfer of that technology, of Michelangelo in companion countries, and of course, adaptation of the M5C module technology to different systems.

Okay. I hope you understand how committing this roadmap, but this is an upside that comes not only a financial, this is a technology challenge, which is monster. But of course, the future goes through this kind of approach. We could kind of serve in a comfort zone with a strong portfolio we have now, but I don't think this is the target of Leonardo. We really have to develop something which is a breakthrough.

So the upside of Leonardo, of Michelangelo, very conservative, and you understand, we do our best to be predictive, but this is not easy. We estimate approximately 21 billions in the next decade, and we potentially estimate 6 billions in the plan, '26, 2030, and the second, in the continuation, '31, '35, 15 billions. The promise is that we will be very clear in telling you how things are developing, but we believe this is very, very reasonable.

Importantly, this is a truly transversal one-company solution. You see, all our skills are here, everything. Electronics, cyber, unmanned system, fighters, combat helicopter, artillery, new land defence system, platform integration of any kind, HPC, AI, digital platform, new space system. Now you understand that if you miss one of those, just one, you don't make anything. That's why we need the most complete portfolio on the market. And I believe we should be proud of this because that was done at the right moment. Okay, so the upside is 6 billions, 134 here, and we are approximately 140.5.

And then we see the last domain. Let's go and see here. This is a bit more visionary for obvious reasons. The global security means that we have to protect agriculture, emergency services, energy, transportation, financial



services, healthcare, water, nuclear sources, government facilities, military bases, critical manufacturing, chemical, maybe there is more. But I think this is enough.

Now, security risks are no longer isolated, but they are interconnected. And clearly, this will appear when you see the numbers. Now, there are very interesting statistics. Those are the laws for cybercrime. We stay for a while on cybercrime. The source is here, okay? In 2020, the estimated damage at global level caused by cybercrimes was in the range of 1 trillion per year. In 2030, the forecast is 1 trillion per month. We are midway at the moment.

Just for your information, Ukraine war costs 0.15 trillion per year. And you have heard recently this early days of the Iran conflict costed to the United States some 1 billion per day. So it's going to be 0.36.4 trillion per year. We are in that range. So starting surprisingly, those numbers are much more impressive.

The global security spending, which is our countermeasure, it was 0.4 trillion at global level in 2020, and it's supposed to rise to 1 trillion in 2030. So you see, there's a strong imbalance. The damage is going to be 12 times bigger than the investment. So there is a huge market there.

What is the business model here? Cybercrime was just an example. There are many others. I could show you risks connected to climatology, risks connected to energy and security. I mean, you've seen, once again, I'm sure you remember when I presented the first plan I told you, the first consequence of the Ukrainian invasion was energy insecurity. You remember this. Many of you were already there.

Okay, now, the first consequence of the Iran attack was energy insecurity. The oil is \$100 or so 90. So clearly, all those things are connected. So what is the, let's say, the business model, the strategy here? First of all, we have to protect. It means continuous protection means persistent monitoring. You have to watch things. The more you watch, the more you observe, the more you are predictive.

Then you have to detect the problem. It's written here, predictive analytics and identification of threats. By the way, it's like for missiles, threat analysis, and weapon assignment. Here is threat analysis and solution assignment. This is primarily based on predictive analytics, AI, high-performance computing, big data analytics, and so on and so forth.

Then you have to respond. Respond means real-time decisions, support, and therapy response. What does it mean? If it is a cybercrime, it is cybersecurity. If it is an earthquake, it's going to be drones, helicopter, land systems. So you have to be ready at any level, in any domain. Domains are no longer physical domain. Multi-domain is no longer the physical multi-domain. Space, airline, it's also digital multi-domain. And there you have to be ready as much as in the real, in the physical domains.

And finally, recover, ensuring operational continuity and resource optimisation. So this is what a security competition guarantee. But do you realise that you need the same ingredients that you need for the air dominance, and you need the same ingredients that you need for standard defence? It's amazing. We are doing the building blocks of any kind of war, physical, cyber war, even normal hybrid war, whatever. That's why we're pointing towards for the future to this market. It will be a progression, obviously. It's not going to be done in one year.

Two examples already in progress in the company. The first one, we launched a programme that's about 170 million, not so small, crop monitoring and field health assessment to support the allocation of European funding. Well, even without European funding, it's good to have a crop monitoring and health assessment. The global market in agriculture is supposed to be 40 billions in 2030, and the European market is 13. That's easily accessible, not only.



So what is the concept here? You see here. Satellites, now, well, I say Guardian, it is not yet in orbit, but we are using other constellations at the moment. Aerial imaging capabilities. e-GEOS is our controlled company that makes image analysis at high resolution. There is a smart agriculture control room where we do see by drones with 10-centimetre resolution, a single crop, if there is a disease, how much chemicals they need. And this avoids, for instance, spreading big amounts of chemicals on the crop field, because you can go with precision agriculture, crop by crop, without any extra pollution, without noise. You know, of course, this needs a lot of AI and computational capability. You need in some cases, you need a lot of cybersecurity for that. This is already operating. It's an ongoing program.

On the same footing, catastrophic event. If you see the United Nations reports, you see there's a trillion damage on a 10-year scale for catastrophic event that could have been predicted. You've seen in Niscemi in Sicily recently, there was a stone fall in this city, Niscemi. I think it was 500 meters of rocks went down, bringing along houses, roads, cars, people. This is simply because on this geological, it was a very strange, it's a kind of hill, but with a very abrupt cut. Underneath there was a river. Everybody knew it. But they didn't consider that after a massive rain for about 3 weeks, the river was fallen, and then it was basically breaking the ground, and everything fell down. I mean, hundreds of people lost their houses. Those things can be seen by the satellites or even with drones in real time, but nobody cares. There are many other examples. This is something we can really do.

The market is 250 billion, the global market. In Europe, it's 55, it's supposed to be. Europe is safer from the climatology point of view compared to other countries. And here again, the loop is the same. We have a program for that has been launched. There is a global monetary control room. There is a number of actors. Here, again, we need drones, we need satellites. When it's cyber, helicopters for the recovery, because those things are entering in different moment of the loop, when you have to recover or when you have to monitor or when you have to predict. So that's another source of funds for our, let's say, new approach, global security.

Okay, prudentially very conservative. We expect this to bring in the next five years, let's say 1.5 billion. So we will inform you almost day by day. This could grow also, but I think at the moment we have to be very realistic.

So overall, 134 plus 6 plus 1.5, it means that the group targets are currently those. This is our expectation for orders. Well, the numbers are good. The CAGR is growing 6%. It's better than in the previous plan. I have to find a position because it is so big that I need to run here and there. So 142 billions order, cumulative order expectation. Just to let you know, this is approximately 24 billions more than the forecast we had last year in the updated plan. '25, '29. So it's considerable, the improvement that we expect.

The high order intake, of course, is based on a portfolio, which is absolutely symmetric. We don't have spikes or weak areas. It's rather solid. There is no concentrated exposure in any single country or single customer. And I think we are a unique supplier that can offer comprehensive defences and security solutions, a specific strategic partnership that very well with our JVs primarily.

Concerning revenues, strong revenue growth, we should be a 30 billion company by 2030. CAGR is 9%. It's really interesting. Now, of course, there is an improvement because we have improved growth in deliveries, and we have improved services. But of course, also the business units are growing very well, very harmonic. 126 billions. It's plus 20 billions compared to the plan of last year, '25, '29. That was the last update that you were looking at one year ago or so, one year and a half.

All right. This is the EBITDA. I mean, I just want to stress that we are very committed in making efficiency and profitability higher. That was the mantra we had in this early three years. The ROCE should go from the present double digits, let's say to 12%. You see here 14 billion, the EBITDA cumulative over the new plan, basically doubled from 25 to 2030. That's the commitment. Delta is 3 billions, 3 billions more than the last plan, '25, '29. Actually, doubling the profitability in these five years means that margins are growing at faster pace than



revenues. And of course, we are very focused on the program management, efficiency across all divisions, and increased service volumes. That's the commitment we have.

Free operating cash flow doubled between '25 and 2030, very high growth. This is a strong commitment. So we doubled cash generation. This is driven by the higher profitability. We have to ensure continuity in the investment and in the new technologies that we're developing, capacity of expansion and innovation capability. That's very important. The upside will come from the innovation capability on top of the organic growth given by the defence market.

So let's have an overview. '22 when we started. '25 today, let's say yesterday. 2030 we want to go with a new plan. Let me tell you something. I'm sure you remember these things I'm going to say to you now. Orders are supposed to grow by 85%. Revenues by 100% or so. EBITDA almost 190, 194. ROCE growing 3.7 points. Cash, free operating cash flow plus 20, 80%.

You remember when I told you, when I came here, I think it was the first time we met, I was on online, I told you orders are growing, revenues not so much, EBITDA is constant, free operating cash flow sometimes is even negative. So something was not good. Today we have this situation, which is, I think, more appreciable. And in principle, FOCF and EBITDA are growing much super linearly compared to the other two. So I like this arthrosis in my hand. This is what we have to show in the next few years, to show that we have recovered a very healthy management and a very healthy company in terms of profitability and in terms of financial results. I know that this cannot be done in three years, maybe in six, but for sure the company is fully committed. And I believe that already the numbers here show that there was some important impact of our actions. But now I think the best should come. So we are really committed in ensuring that we become very profitable and very advanced in terms of portfolio offer at board level.

At this occasion, I will tell you a bit about the shareholder return, the dividends. This year, the net income grew up by 21%. This is told by my CFO, and I always watch him. So we decided to increase the dividend by the same amount proportionally. So we will go from 300 million to 364 million this year, which brings us in the payout ratio range of 35%, between 30 and 40. So as a guideline, you could think that if things will go well in the future, we should be at least able to offer a payout ratio, to maintain, to keep a payout ratio in the range 30 to 40%. So you have a guideline, okay? Hopefully better, but at least you have a guideline.

You remember last time I told you, we want to stay at least at the average of the big companies in Europe, because at the beginning when we came, when we started, we were really at the bottom. So interestingly, the CAGR of our dividend is 46%, and from '22 to '26, we increased the dividend by 355%. I told you this at the very beginning, I insist today, I think if the investors are not happy, if the market is not happy, it means that we're not doing well. So we are really committed to continue to do our best. The paid dividend per share is now will be 0.63 from now on. And let's see, hopefully next year even better, but that's what we can say today.

Okay. Capital allocation. We are confident because the operating cash flow before M&A contribution is 7.5 billion, so numbers are very healthy, good. We think to, we would like to reserve or to book 5.5% of the cumulated revenues, which means 3.7 billion for organic growth. This means CapEx, research and development, basically, what we are doing, the organic things. The good news is that other than Iveco, which is considered this paid by the previous capital allocation, because of the good number, we can allocate extra resources for inorganic growth, approximately 1.8 billion.

This money will be spent, always keeping in mind two rules. better to buy or better to make. And this we decide depending on the in-house capability and of course time schedule. And obviously keeping the disciplined approach that we don't buy things that are more than, that cost more than 15 to 20% of the turnover of the division that's going to make the M&A.



In general, this disciplined approach has been working very well so far. The total shareholder return will cost 1.3 billion. So as I said before, between 30 and 40% of the adjusted net income. By the way, this should be for the group about 1.5 billion, including our friends in DRS, our participation in Hensoldt. We have some participation in other companies. So for Leonardo only, it's 1.3 billion. So this gives 6.8, part of the remaining will be used for other actions, standard, and for reducing the debt. By the way, the debt at the moment, we're going to close the Iveco deal, I think it's before the end of the month, if I remember correctly, 18? 18. Thank you. 18 March. So we're going to attach for a while 1.1 the EBITDA, So anyway, very much under control. And in two years, we go down to 0.8 of the EBITDA. Definitely under control.

I mean, this is something fundamental because we don't want to have a high depth. There is no point. And yeah, okay, so those are the numbers you've seen already, but just want to make sure that the picture is clear. Before concluding, I know that it's long, I'm sorry. Before concluding, I want to tell you just three, four things.

So first of all, we launched a plan, a program. We believe in Leonardo. The good news is that 11,000 of our employees invested their savings in Leonardo's share. I think this is the first time it's unique in Leonardo. We have 11,000 people in our team, in our community that purchase, they use their savings to buy shares. And the share at that time, we're at 45. Today, I think it's much more. It's a very good indication. The company starts to be self-proud, and I think it's a very good point. I don't think it was like this in the past.

Second, human resources. Okay, I should kill my human resource people because this is very complicated. But, no, but these are all good news, okay? So I will make a synthesis. First of all, the workforce is going to rise. We're going to reach 75,000 people. To be more precise, in the first mandate, the last three years, I think we hired some 23,000 people. I don't remember exactly, but several thousand were retiring. So the net amount of new fresh brains was 17,000 or so. Anyway, I should find Antonio. Antonio, tell me the numbers. We're right? Okay, 63,000 were the fresh brains, because some several thousand retired.

Okay, those were fresh brains that are actually 50% below 30, 25% women, and 74% STEM. So science, technology, engineering, mathematics, I think. Now, this means that our class of engineers, more than 15,000 engineers, reduced the average age from 54 to 46 and we are progressively making the company younger. Not that the old people are useless, but we need more young people.

In the second step, the plan is to hire 28,000 people new, but of course there is a turnover on top, so the net will be a bit less. But anyway, with a target of more than one half under 30, 30% women and 70% STEM.

What is interesting, it is because of the change of the portfolio and the challenge of the plan, we're going to go from domain-specific platforms across air, land, marine, cyber, this was the last plan, towards fully integrated digital platforms, multi-domain architectures, and in the next plan, fully interconnected multi-domain ecosystems, cooperative manned and unmanned platforms, open industrial ecosystems. So what kind of profile do we need?

Five years ago, electronics, mechanical engineers, avionics platform specialists, software developers, test engineers, Recently, system engineers, integration architects, ethical acres and malware analysts, data scientists, cloud architects, digital twin architects, and now AI, human AI orchestrators, cyber and digital trust, quantum engineers, edge computing, space, satellites, communication and electronics. So, you know, we have to be fast in introducing new competencies which does not mean reducing the others, because those are essential for the bottom line, the 134 billions, obviously. But these are necessary to increase our capability in the new challenges.

Now, the question I see, I saw one of my colleagues doing, where do we find them? I'm sure you were saying that, yeah, that's a big problem. There is a shortage of STEM, which is impressive. For this reason, we cannot fix the problem all at once, but for this reason, I think I should tell you that our Leonardo Laboratories program, was very successful. We hired people from many countries with a brand-new methodology, not simply employee of



the company, kind of more like scientists, let's say, more programmable contracts. Primarily in quantum technologies and managed services, advanced power energy management, materials, optronics.

And those activities, in addition to the R&D activities done by the divisions, cost approximately 3 billions per year. About 2 billions of those are funded by customers, primarily in the divisions that are making the real R&D, the one that goes into the products in short term, so high TRL. And then we are boosting the low TRL with our capital allocation. These people, let's say about 1/2 go, they don't pass the selection after being three years with us or four years, and the others, they go directly into the divisions. and they immediately nurture the innovation. For instance, quantum sensors or new software, stuff like that, AI, it's immediately transferred to the division. This just started with the first batch of 20 people but will be strongly increased over the next few years. Without innovation, Leonardo goes back where it was before. That has to be very clear.

Last but not least, you have seen this already, but I have to acknowledge that an outstanding job was done in sustainability. We didn't forget that we have to be sustainable. Even defence has to be sustainable. So these are the main, the most important organisations that are making the rankings in different ESG-related KPIs. This is Leonardo at the moment. It's always among the top three, four, very often at the top, always rated very high. This is, I think, Rafaela, this is the average of the peers, right? The average of the sector. So we are outperforming the sector in a definite way. I'm happy, I'm glad to say that the company is doing its best to be clean and sustainable. Maybe in some of these areas, we could be even a threat for other companies in other domains that are intrinsically cleaner. That will be funny. It will be fun. We would change the metrics. Anyway, those are the international rankings. So I think we did our job and for the integrated balance sheet, it's important to show that we have also this capability.

Okay, so at this point, I promise it's finished. I just want to show you one thing. You got all the numbers in terms of orders, revenues, and EBITDA for all the divisions, including, yeah, all the divisions are here. And you have the opportunity after the question and answer to talk to the division leaders directly and ask your questions. Just for transparency, all our numbers are given division by division. You find all the information. And I think this is an effort from our side to show you that there is nothing to hide. We're doing our best to be clear and transparent.

Yeah, that's all. Thank you very much for your attention.

Questions and Answers

Claudia Introvigne: Thank you, Roberto. You can, I think, come. Thank you. Come back. And I call also on the stage Giuseppe Aurilio, our Chief Financial Officer. Thank you both. We are now open to take your questions. Please take into consideration that we have now 45 minutes for questions and please ask maximum a couple of questions each. For those in presence, please raise your hand and tell us your name and your company name. For those on the line, we will try to connect you or I will read your questions to Roberto and Giuseppe. So let's begin with the first questions from the audience. Thank you.

Martino D'Ambrogi: Good morning. Thank you very much. Two questions. The first one on Michelangelo. You didn't mention the R&D costs, the CapEx needed to finalise the development. And I clearly understand it's too early, but what is the profitability once it is fully exploited? Sorry. And the second question is on the potential upside, because the business plan doesn't include any contribution for Iveco, which is finalised soon. I suppose small, mid-single-digit EPS, depending on the perimeter. It doesn't include the synergies for space alliance enlargement and also the area structure. I don't know if you are willing to discuss any additional clue on when and in which kind. Sorry, I forgot Martino D'Ambrogi from Equita. Sorry.

Roberto Cingolani: So I'll give you a short synthetic answer and then of course I can ask both. Giuseppe and Marco to add information. So primarily now on the Michelangelo, most of the effort is in the module, okay, in



the MC5. Can I say order of magnitude, there is some budget for development which has been already included in the plan of the electronic division. This does not need extra, at the moment, does not need extra allocation from the general capital allocations. It's a part of specific allocation. It's a part of the R&D plan and development of the division. It's not nice to give numbers in this case, but we're talking to a global effort for the module in the range of 50 to 100 billions for the entire development. So we're not talking a disruptive amount of money.

Of course, this is true because you're in Leonardo where most of the, I mean, all the tools are there. You just go to shelf and take the knowledge and the capability. If you have to do from scratch, missing some of the platforms or something technology, I simply tell you cannot do it unless you invest billions, which we invested already in the past. I mean, for instance, the contribution of cybersecurity to the module. Imagine 20 platforms being interconnected by the module, the data in the battlefield, they have to be totally, totally protected. And we have the capability in-house. We don't have to buy it outside, zero trust, all these things. So the combination of this makes this very affordable, yet not for free, but affordable within the organic investment in our internal development.

Concerning Iveco, I confirm nothing is written, no numbers related to Iveco, primarily because we're going to conclude in a few days, we're going to sign the deal. There is a very advanced due diligence in progress at the moment. So we have the numbers and we will update you very likely already the quarter. I mean; we know where to go. Don't forget that we are waiting to finalise also eventually. We still have to make a decision whether we release or not the, we sell or not the track part. So this also changed a little bit. So those things are under analysis at the moment.

Concerning aerostructure, I confirmed that the business plan and the industrial discussion with our partners is concluded. So we found all the level of agreement which is necessary. Our partner is now waiting for a sort of a political response, primarily dealing with the possibility to have incentives from the government to close the deal. We were told that we were, we have given, actually, we have the agreement to the exclusivity up to June 30, and then it has to be yes or no. By the way, I should say we still hope to make this operation because it's a very, very... convenient for both Leonardo and the partner. But on top of that, because of the improvement of decision in Boeing, aero structure is actually recovering a delivery rate, which is very interesting.

So we will do the new joint venture, but in any case, the numbers are improving even in aero structure so that we could even say that by '28 we go at the break-even point. But as you know, for me, it's no longer an issue of breaking point or no breaking point. It's a technology and industrial policy issue. We see beyond the simple fact that we might lose 100 million or not per year. We have to fix this in a very definite way.

Okay, so I think I can confirm at any level that what we told you already at the pre-closing, it's still there. We are working. Actually, the ball is not in our field, to be clear.

Giuseppe Aurilio: Yeah, regarding Iveco contribution, Martino, we can add that this year we will consolidate, assuming that the deal is closed in March, we will consolidate nine months, only nine months, starting since April. So the contribution will be relatively small. In terms of revenue, one year of revenue with Iveco is around 1.3 billion. Marginality is around lower than 10% in terms of EBITDA, so contribution relatively small for the year.

Space Alliance, as you said, is included into the numbers, so there is no assumption at the moment in the plan to have the Bromo Alliance instead of Space Alliance. So the plan includes our structure, space as it is now, and not including Iveco Defence Vehicle.



Roberto Cingolani: No, really, I mean, I can say numbers, but to be honest, if you give us, let's see. At least after, no, it's not here. After the first trials, maybe even the one you can, we can have some ideas. At the moment, it's a bit difficult. I mean, Marco, you're going to talk to them later as electronics. You can give an insight. So far, I think we have estimated something which is typical of the profitability of the electronic division. Okay, so on average, it makes sense because most of the stuff comes from there. But to be more precise, we have to go into the real situation, also real architecture.

Alessandro Pozzi: Alessandro Pozzi, Mediobanca. First question on the 2030 targets, 32 billion, it's a big improvement compared to last year, much higher than our numbers as well. If I look at the CAGR, it's 6% versus 2025 in terms of order intake. But if we need to go from 2% spending of defence to 3%, let's say by 2030, the procurement growth in defence is going to be probably much higher. So I was wondering, what are your assumptions underlying the 2030 target, also in light of the fact that you are becoming a global security company? So probably there's going to be an element of civil as well on top of that.

Second question is, as you pointed out, over the last three years, you've made a significant improvement in terms of a product portfolio. What is the key priority of Leonardo for the next three years?

And last question, if I may, 2026 guidance, any moving parts on cash flow and cash conversion? Thank you.

Roberto Cingolani: So concerning the expectation of the global market target, I think we should not look at the domestic market, whether this will be 2% or 3%. In the end of the day, Leonardo exports 80% of its products. So we have to be at the global market. That's why I told you at the beginning, we need to feel more international. We should not consider ourselves a domestic, an Italian company. It doesn't make any sense. If I stay on that fraction, 80 to 20 roughly, export versus import, I think we should simply watch what happens in the world. I don't want to sound like cynical, but if we continue with this trend in terms of wars, clearly the business is going to grow at the pace of those gigantic numbers. If all of a sudden, the wars go down, there is a comparable market, a very big market, which is the one I mentioned after wars, because everybody after the wars is willing to have an air shield, for sure. This is prevention. And of course, a hybrid war will grow. As soon as the physical conflict will diminish, the hybrid war will increase, because resources will be moved towards cyber-attacks, infrastructure attacks, and so on and so forth.

So the important point for Leonardo is to be at the very core of the security. Today, you cannot say simply, I am a defence company. It lasts as long as it lasts at war. That's a very short-sighted view. I think we should be really ahead. And therefore, this goes to, drives me to your second question, what is the priority? The priority stands in the fact that we have to offer state-of-the-art platforms. We are there in most cases, okay, both manned and unmanned. But the real strength we have is that we have the capability to put all these things in the same orchestra, which means electronics, sensors, command and control at large, whatever it means, weapons, cybersecurity, artificial intelligence.

Now, if you only do those things, you have another name. I don't want to say which one, but you have another name, and you make software, and then you need to find people giving you the platform in a proprietary way so that you can apply your software there. It's a weak position.

If you only make hardware, you struggle, as it was in the past, because when you only make big equipment, in the best case, you have margins that are not comparable to software, in the best case. Therefore, you have to do both. So the priority is to be able to grow in a harmonic way from both point of views. We have to be strong in both. I mean; to be honest, I think that to me, analog. We should not be the world champion in 100 meters



or in weightlifting or whatever. We have to be like in decathlon, being among the top three, five in any sector. In that case, for global security, you are definitely in a leading position. It takes time. It takes a lot of training. It takes a lot of investment in disciplines that maybe we don't like, but we have to do the effort.

Giuseppe Aurilio: On the third point, guidance 2026, just one second back to the orders, to the plus 5% orders, because if we look at the split by division, I think it's interesting to see the evolution. We are above or close to double-digit growth in 2026 in all the division, except for aeronautics. And please remember that in 2025, we booked a jumbo order on Kuwait. So when you read the data and the plus 5%, you should keep in mind the contribution from Kuwait on 2025 on aircraft.

On free operating cash flow, I think we are planning to increase free operating cash flow by around 10% from above 1 billion, which was a very successful year in 2025, to 1.11. It's a plus 10% increase with a number of items that we are offsetting to increase. Because as you may remember, we discussed, I think, in November about the outcome of the NHI 90 litigation with Norway. So we booked in 2025 a provision of 130 million, which is going to be almost entirely paid in 2026. So the free operating cash flow includes more than 100 million of cash outflow for the closure of the litigation with the NH90.

We are offsetting an increase in CapEx because as we see in the capital allocation table, we are planning an increase of our, a peak of our CapEx in the next two years. Historically, we are at around 5% CapEx compared to revenues. We saw in the cap allocation table that we are planning to get at 5.5%. So the peak is more on 2026 and 2027.

Finally, we are offsetting also the fact that we are getting taxpayer in Italy. As you know, in Leonardo, we used to have a significant amount of tax losses. Now, given the very good results that we are doing, we will be a taxpayer since 2026, so one year in advance compared to the previous plan. We have an increase of pay tax. All that is factored into the provision of free operating cash flow. Despite this, we are increasing by 10%.

We are also factoring some, as we said, for the year end, we are factoring the fact that we are being successful on the export market. This is going to create a recurring amount of advance payment and so some benefits to the working capital. It's a recurring event. The more we are successful, as Roberto was saying, on the international markets, the more we get cash advances and that's going to finance our free ready cash flow. So, cash conversion rate is going to increase above 70%, despite all the things that we've been discussing in '26.

Ross Law: Hi, good afternoon. Ross Law from Morgan Stanley. It's the first one just on your guidance. Last year you highlighted several sort of upside initiatives, you called them, like the Baykar and the Rheinmetall JVs. Can you just confirm that that's now in your base case that you've presented this morning?

Secondly, on some comments made by your defence minister earlier this week, Crosetto, he said that companies need to ramp up faster. Is he asking you to ramp up ahead of your current plan, or is that now the base case? And if so, is Italy providing you better visibility to support that growth?

And maybe if I can just add one more. You've said a lot about software, but obviously software companies have come under a lot of pressure from the risk of AI? How do you protect yourself? Thanks.

Giuseppe Aurilio: Yeah, you think on the UAV, of course, that's in the plan. It's, you see that mainly in the aircraft division, but also electronics, because we do provide from electronics the platforms, so the plan is including now the UAV business.



Roberto Cingolani: Okay, about the comment of our Minister of Defence. Just last Saturday, we had a meeting with more than 100 operators in defence in which he was calling and asking all of them to accelerate because there is a peak of demand. You imagine from where. I mean, the Gulf area is under attack. So we're trying to drain all resources we have, means platforms, radars, weapons. And in that respect, he was pushing a lot on 2 concepts. One was the try to get together to collaborate. But as you imagine, Leonardo is so big that most of the attention was on us. And the other one was to offer solutions that can be sent next week. So I have here Carl in front of me, spent all the weekend with the team finding a dozen of platforms. I mean, radars, missile stations, and stuff like that. Big stuff, okay, that you have to transport with special aircraft to send there. And all this is under extreme urgency. So I believe the message was there is extreme urgency because Europe is trying to support the Gulf countries.

By the way, even for us, this is not very easy because we don't have guns or big radars on shelf, but of course we are moving a little bit the available components. In general, our production capability, capacity, capability has been increased substantially, especially for this product such as the 76 millimetres gun or some of the radars. There's a big effort ongoing. To be honest, the number of wars, the war is growing even faster than our capacity boost program, but yeah, hopefully it will not be like this forever.

Concerning the comment on software, you were asking me, where do I position Leonardo between the hardware and the software, right? That was the question. Okay, let's say we, maybe we're in the middle for sure, because there is a big advantage in having your own platforms and adapting your, say, software to your own platform. In the meantime, you have to consider that the effort is distributed on different technologies. So you cannot focus only on one or on the other. So the complication stands in the fact that you have to sustain a multiple effort, like in the decathlon. You make many disciplines, but you are the same athlete. But in the meantime, you're happy because this is all yours and you know how to manage, which is a big simplification in the end of the day if you want to offer a good product at the right price. Because if you own the components, of course, the final price can be competitive compared to those who have to develop the software and adapt to another hardware that is not conceived for that specific coding. So I think it's anyway a very competitive world. So you feel the pressure anyway, but I prefer to be in this situation than having only one of the two capabilities and then depending on somebody else to offer a complete product.

Christophe Menard: Christophe Menard from Deutsche Bank. Two questions. First one on Michelangelo. I want to pick your brain a little bit on the competition, how your clients are reacting to your proposal versus, I don't know, Thales proposed the Sky Defender. There is the European Sky Shield Initiative and there are also the South Koreans on the market at the moment. So how is it, what is the market acceptance, so to say, of Michelangelo among your clients? And the kind of attached question to this is, how many do you need to sell to attain your 6 billion order intake target? Is it a few of them? Is it a number of them? It's just to gauge the need of penetration.

And the second question is on order intake. You said it's, I mean, if I take away Michelangelo and the new opportunities in hybrid, it's I think 16 or 17 billion extra order intake versus the last plan. Where is it coming from? Because it's, you updated us last year, so 16 billion or 17 billion is a big number in a year. So where is it coming from? Which division, which activities? On the legacy business. Thank you.

Roberto Cingolani: Yes, thank you. Okay, concerning what the others are proposed, including Thales, we don't know anything because there's no specs, nothing. So unless they're doing exactly what we're proposing, I don't see how they can others can make a dome, which platforms are they using? Are making an open architecture. That could be, if there is another open architecture, it would be fantastic to collaborate, especially with Thales.



We have a space alliance together. We are working on Bromo. That would be fantastic. At the moment, we don't have information.

In general, I think that everybody wants to make a Sky Dome. But I think we went a little bit beyond this. So the fact that we offer an open architecture means that this could be compatible with existing domes or non-existing domes, so spare components. We are absolutely flexible. I will see what is the offer. I know that other countries are discussing how to implement a protection system, so we are totally open. The advantage of our architecture, as I said before, is so open that it can be compatible with any other with any other system.

Concerning how many you have to sell to make the... Okay, first of all, the two components, dead zone, so let's say more land, short range, and long range, can have independent life. Of course, the dream is that one day you have a total dome that covers entire Europe, et cetera, et cetera. But I think there is a... widespread of opportunities. For instance, we're now thinking how to realise this program that I mentioned before. And it matters a lot whether you have to protect 25 kilometres square or whether you have to protect Rome, which is much bigger, or you want to protect the entire Italy. So number 1.

And then number 2 is this dead zone or air defence. And then what is the business model? We, of course, we have scenarios for that. The business model could be only services, or you have to buy some platforms together with the Michelangelo dome and the, let's say, long-term contracts, 10 years, 20 years. So this depends on how we will negotiate. The advantage is that the architecture is open and it's so flexible that we can basically offer from the bare, let's say, software contract plus the module up to the entire package, including the platforms, because we can offer any kind of platforms. By the way, some in collaboration with the French, for instance. You can think to MBDA, for instance, where we collaborate on the missile. So it's really manageable as an approach.

So answering you, how do you calculate this billions? It depends very much on the assumption done, maybe 10 dead zones, 5 domes, some extension, with or without platforms. The original question is, how do you make the plus 60 billions on the let's say on the conventional part, let me say so, on the multi-domain part. Well, you have to consider that the new is we are entering into the production of the drones. The first drone will be delivered in April and we're now starting with the plants in different countries in different areas of Italy.

We have the land system that is growing because the delivery of the main battle tank and particularly of the infantry vehicle is supposed to arise from '27, '28, '29. The satellite part with the constellation and the services is supposed to grow because this was negligible before, but now there will be a boost. Yeah, I think in terms of platforms, there's a lot. The demand of electronics and of cybersecurity is impressive. The GCAP, anyway, if we manage to develop a junk fighter, that could be another market. So I believe that the prospective are quite reasonable.

Of course, I don't say we're in a comfort zone. I hope it's clear. Don't confuse me. I hope not to be misunderstood. We're not in a comfort zone. We're pushing like hell. That's to be clear. People are under stress. We make, in most cases, 3 shifts in the plants. It's not a stationary condition. We are really pushing. I mean, it's, let me say, it's a grow company. It's a grow company. So, still growing.

Afonso Osorio: Hello, thank you for the presentation. It's Afonso Osorio from Barclays. Can I just double check on your Michelangelo projects, given that I expect the 6 billion in terms of new orders by 2030? How do you see that in terms of revenue contribution by 2030? And also the splits by division would also be very helpful.



On the drone side, to follow up on a previous question, I believe before you highlighted 600 million contribution via the partnership with Baykar by 2029. Is there a new number that you can share with us by 2030? And how you see that market evolving over the next five years?

And then lastly, given the signing of the new helicopters contract in the UK, how do you see that contract contributing to your 2030 revenue and profit numbers? Thank you.

Roberto Cingolani: [To Giuseppe] You want to go first with the revenues and then I will say Baykar?

Giuseppe Aurilio: Yeah, revenues for Michelangelo, of course, for the reasons we said during the presentation, are spread across all the division. Of course, the bigger part currently it's an electronic division because it is assumed to be the prime in most of this activity, but the involvement is overall across all the businesses, so it's spread over all the division. Main numbers currently are in electronics. It will be, of course, it will not be 6 billion of revenues because that's the value of the orders, so the value in terms of revenues is a portion of this 6 billion. It's accumulated 3.5 billion or something like that.

Roberto Cingolani: The second question was about the forecast of Baykar. Is that right? The market of the drones. Okay. Well, I have good, very, very big expectations for the drones in that we have small companies that are now discussing with for the production of a small payload, let's say decades of kilos, okay? That can be multi-operation. And then the big stuff with Baykar is for medium and big payloads from hundreds of kilos to a couple of tons.

So for me, the picture is rather simple. One chapter is the adjunct fighter jet. This is really, it could be a breakthrough, because in the end of the day, if you have a fighter jet, a manned fighter jet, you get really an interesting tool. And in the Michelangelo scheme, it could communicate to another aircraft, manned aircraft. So you can anticipate or simplify the 6th generation fighter concept, which is, of course, state-of-the-art, but with a very cheaper and more flexible approach.

The second level is what is presently done by the Reaper and a few other drones, which is missing in Europe. If you think now, in Europe, we don't produce any drone with a payload in the range of hundreds of kilos or maybe 1 ton. So for us, the fact that we started production in Italy means certification in Italy, therefore in Europe, opens a market that otherwise would have been impossible for Baykar, entirely with Leonardo payload. So state-of-the-art sensing, radars, command and control. Don't think for a while to Michelangelo, but even the drone itself is missing in Europe. At the moment you don't have big offer, and you have to buy from the usual provider that are making very high prices for very old platforms. And ours can be much customised because of the availability of different sensors, weapons and so on. So I think this is a big request in Europe only it is a big request not to speak about the Gulf and other areas.

And then the small payloads, the very small payloads. There, I believe, for a big company like Leonardo, it's much easier to buy, make a merger and acquisition, or maybe a small joint venture participation in a company, rather than starting production ourselves. It doesn't make much sense that we produce thousands of pieces is not our characteristics, okay? This is more motorbike company or small automotive company. So we better go and make a joint venture alliances. And we should see in that case what to do.

On top of that, you have rotorcraft. Rotorcraft are very unique, especially for landing on the ships or for special emergency requirement, whenever you need vertical take-off and landing. So I think the perspective is big. We do have numbers in terms of a credible market, okay, in Europe. And they're quite big. I even don't dare to say



those numbers because that could be so many billions that it is too optimistic. But for sure, it's not a niche. It's something important. And my target is to position Leonardo as a main provider, at least in Europe.

Then you asked about the UK. We were extremely proud of this good news. It allows us and the UK government to relaunch substantially the Yeovil plant. Our director Cutillo in the helicopter division did the hell of work together with our colleagues in the Leonardo UK and the UK institutions. So the very good news is that this contract allows us to launch a new era, a new phase for Yeovil. And the agreement with the institutions, the UK institutions, with Secretary of State and the Minister of Finance that I was talking personally, is that because now we have a long-term perspective, we're going to invest there, particularly to create a centre for the development of rotorcraft drones. And you understand this is a very very timely as a technology and very suitable for the Yeovil capability because they make helicopters. The NMH will be 149, basically, with the unmanaged one. So we sort of create a centre of excellence for that specific technology. For us, it's fantastic. If we do that there, we don't need to do it somewhere else. So in terms of internal economy and the synergy, it's fantastic. Very positive.

Gabriele Gambarova: Good morning, Gabriele Gambarova from Intesa Sanpaolo. The first question regards your assumptions in terms of a total addressable market. You're going to see orders growing by 6% on average. I was wondering if you see the market doing, I mean, basically if you intend to grow in terms of market share. So just an idea on this.

And the second one is on your EBITDA margin expected to grow by 280 basis points. I was wondering what could be, let's say, the role of efficiencies and other moving parts, possibly a little bit more of granularity on this.

And third, if I may, sorry, if you see any kind of risk in the execution of your plan, what could be, if any? Thank you.

Roberto Cingolani: So about the total addressable market, I think that as soon as we close the deal with Iveco and close a few other things that are under, let's say, towards the conclusion like Aerostructures on, we will be able to make an analysis having no pending issues. So I'm talking about a few months, and we could be more precise.

In general, I would like to understand, I mean, the total addressable market is, of course, something financially very important, but from my point of view, I would like to understand what is the position of Leonardo at global level as a, let's say, global defence company, which includes understanding what is the total addressable market, but also the financials. So we're going to work on those things in the next few months. Now we have to finish a few things and then I think we'll be more precise. However, I leave this to Giuseppe because he has, of course, some preview.

Before passing the word to Giuseppe, let me tell you about the EBITDA margin that Giuseppe will complete, of course. But look, our EBITDA margin must increase substantially. First of all, because we were too below the standard, so that was mandatory to correct. But now because I think we made a lot of efficiency in terms of production, digitalisation, we have increased substantially the component of services in all our platforms. Maybe it's difficult to separate, but you have to consider now all our platforms more or less are increasing the level of servitisation. We've seen already in helicopters how important was to increase the servitisation, but now it's happening the same in other areas. Cyber is growing fast and of course cyber margins that are higher than hardware specialists. Space will grow because services are important. So in terms of EBITDA and in general



profitability, I think the role of services is very important. Then efficiency, a lot of efficiency has been done. And I believe that those things will ensure the achievement of the target.

The risk of execution, very big, always. We're not, as I said, we're not in the comfort zone, not at all. We are ready to make, how to say, hard choices if necessary. But at the moment, I think that the company reacted so well in the last three years to the challenge of increasing efficiency, increasing competitiveness, and improving execution that I believe that everybody's committed. So the first plan was inventing, changing, cleaning. The second plan is execution, execution, execution. Yet not forgetting that if we don't innovate, we don't win. And since we are a high-tech company, there is no competition if we are not competitive in the product. So baseline is capability to innovate and then, of course, to execute. Maybe Giuseppe?

Giuseppe Aurilio: If we look at the total addressable market assumptions, we are planning to grow more than what we plan for the global market, which is at around 4, 5%. So we are planning to have an overall better positioning, which comes from the fact that we are part of some very important multi-year programs. So this gives solidity to the assumption we are doing to grow in all the markets. As regards ABTA, of course, one key point is the efficiency. We are not repeating now because we said in February, but we are starting, we are continuing going on with the execution of the saving plan we set at the first industrial plan. We are going better than that plan, so we are targeting to complete that saving plan, to have 100% of that saving, and that, of course, translates into EBITDA where we have, of course, also, as Roberto was saying, the increasing weight of services and customer support. So helicopter is a very good example. It was below 9% in the past. Now it's more than 9%. We are planning to be double digit over the plan, thanks to the increasing efficiency first, on time, on quality, deliveries, and production, and also to increase the weight of customer support, which of course has a higher margin. But it's true for all the sectors, because at the end, what we see, what I see after four months in Leonardo Scifo is that we are growing at a very important pace in all the sectors, which gives solidity to the overall budget plan.

Claudia Introvigne: Question from the webcast for the CFO. Will the bond issuance be part of your financing plans in the next few years?

Giuseppe Aurilio: Of course, we have just refinanced part of our debt, which was expired early January 2026. So for the reasons we said at the moment, we are not going to increase our debt. Of course, as part of the refinancing strategy we have, I mean, we are far from the DCM since 2020. So it's something we need to be back on the DCM. But as part of the refinancing roadmap we have. We don't see at the moment the need to increase our debt. We have seen the cap allocation table, which we think we have the funds necessary to abilitate our growth for the future. So as part of the refinancing options, of course, bond issues could be one of those.

Claudia Introvigne: I don't know if there are other questions from the audience. No. So this was the last question for today. Thank you, Roberto and Giuseppe.

Conclusion

Roberto Cingolani: Just to thank all the team, they were working like crazy.

Claudia Introvigne: Thank you to Roberto and Giuseppe. Please remember that the investor relation team is available for any further questions you may have. Thank you all for your participation in our event. And now a



light lunch will be served on the left, on your left. And for the press, we invite you to follow Leonardo's press office team. Thank you.

END.

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