



Leonardo Presentation to Sales Forces

London, September 2017









Key messages

- * Leonardo has been successfully executing a major turnaround
 - * Streamlining of business portfolio
 - * Focus on key Industrial processes
 - * One Company & Cultural change
- * Today the Group is more able to play to some core strengths
 - * Among the top 10 A,D&S player worldwide
 - * Diversified markets and customers
 - * World class business portfolio
- * Positive momentum is progressing with continuity combined with priorities around growth
 - * Relentless focus on efficiencies and cost control
 - * Financial Discipline
 - * Focus on customer and commercial approach

One single operating company

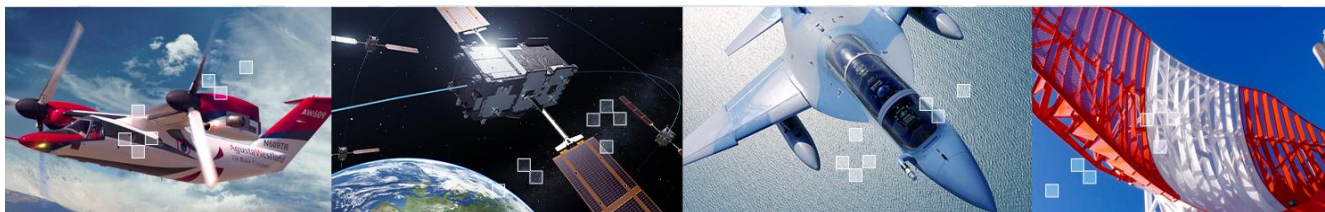
Leonardo is a global company in the high technology sector, and is one of the key actors in Aerospace, Defence and Security worldwide. We operate through:

DIVISIONS

	▪ Helicopters
	▪ Aircraft
	▪ Aerostructures
	▪ Airborne & Space Systems
	▪ Land & Naval Defence Electronics
	▪ Defence Systems
	▪ Security & Information Systems

SUBSIDIARIES AND JOINT VENTURES

- **DRS Technologies** (Leonardo 100%)
- **Telespazio** (Leonardo 67% and Thales 33%)
- **Thales Alenia Space** (Thales 67% and Leonardo 33%)
- **MBDA** (37.5% BAE Systems, 37.5% Airbus Group, 25% Leonardo)
- **ATR** (50% Leonardo and 50% Airbus Group)



	2016	2015
	€ Mln	
New Orders	19,951	12,371
Backlog	34,798	28,793
Revenues	12,002	12,995
EBITDA	1,907	1,866
<i>EBITDA Margin</i>	15.9%	14.4%
EBITA	1,252	1,208
<i>ROS %</i>	10.4%	9.3%
EBIT	982	884
<i>EBIT Margin</i>	8.2%	6.8%
Net result before extraordinary transactions	545	253
Group Net Result	505	487
EPS (€ cents)	0.879	0.843
FOCF	706	307
Group Net Debt	2,845	3,278
Headcount	45,631	47,156

REVENUES

12.0

46% ELECTRONICS, DEFENCE AND SECURITY SYSTEMS
 30% HELICOPTERS
 26% AERONAUTICS
 3% OTHER ACTIVITIES
 -5% ELIMINATIONS

ORDER BACKLOG

34.8

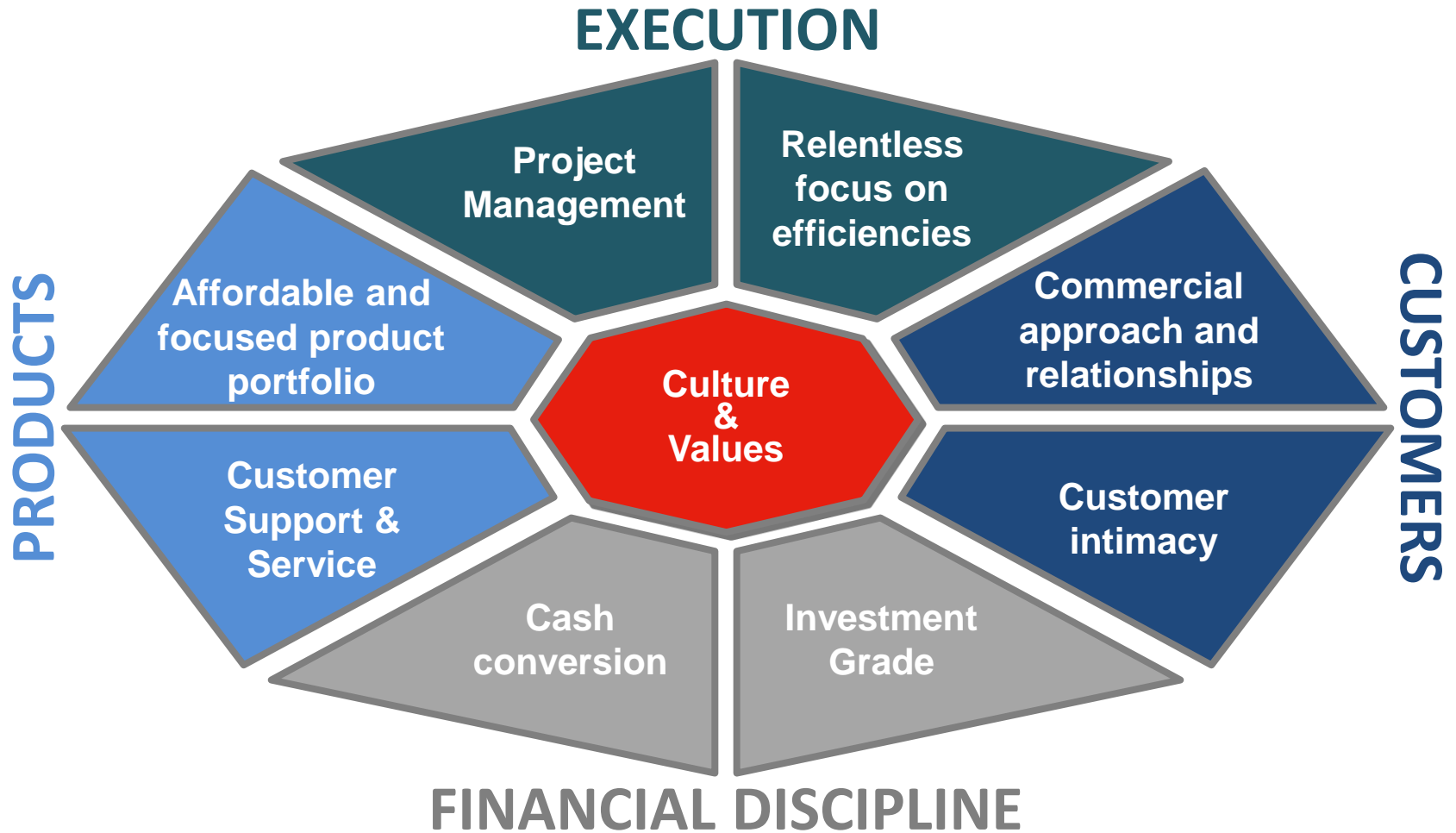
38% AERONAUTICS
 34% ELECTRONICS, DEFENCE AND SECURITY SYSTEMS
 31% HELICOPTERS
 0% OTHER ACTIVITIES
 -3% ELIMINATIONS

NEW ORDERS

20.0

51% AERONAUTICS
 34% ELECTRONICS, DEFENCE AND SECURITY SYSTEMS
 19% HELICOPTERS
 0% OTHER ACTIVITIES
 -4% ELIMINATIONS

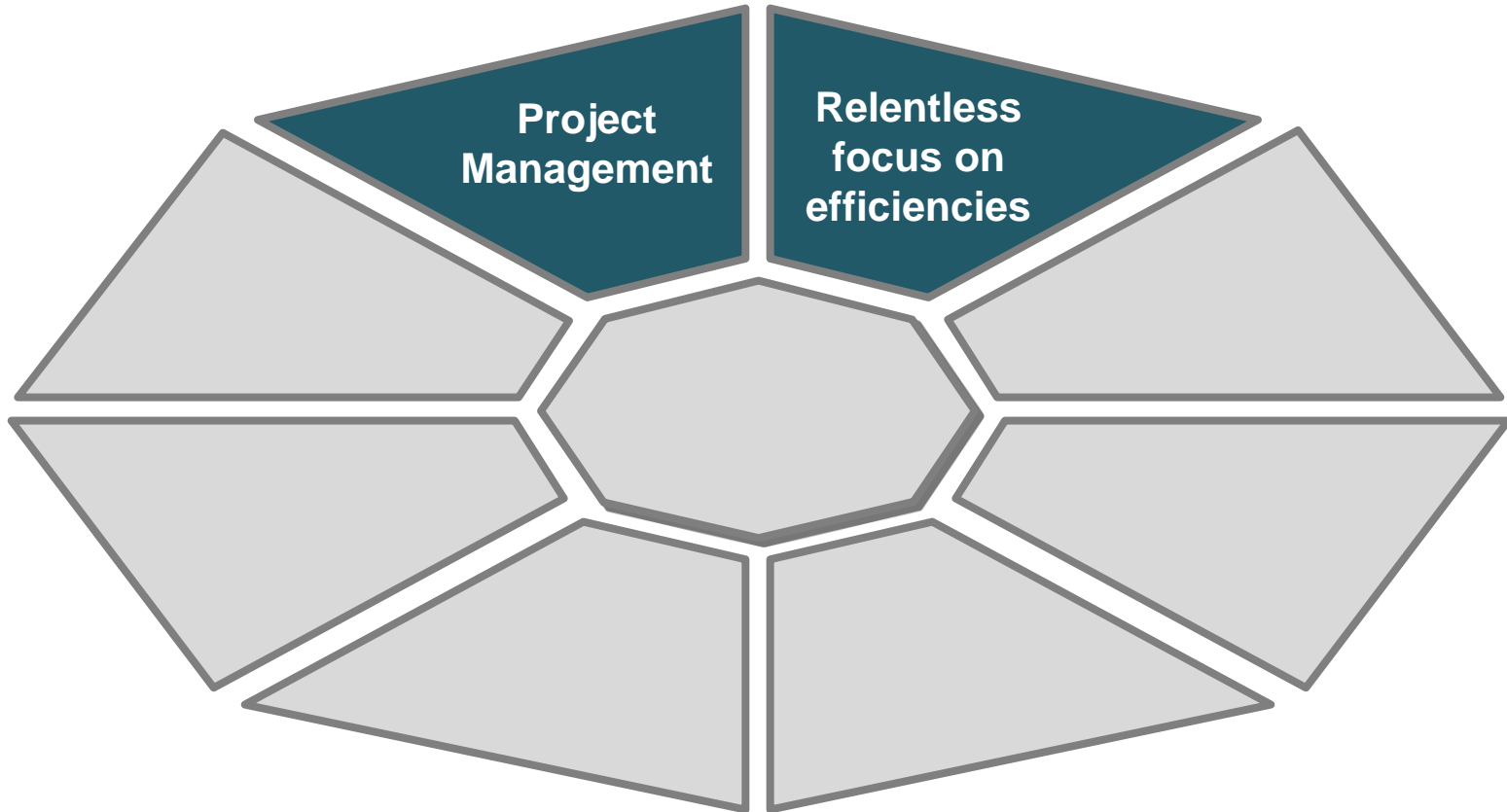
Clear priorities for Leonardo's sustainable leadership in the long term



Our strategy, technologies and innovation, combined with a strong system of values, will be crucial to our success

Clear priorities for Leonardo's sustainable leadership in the long term

EXECUTION



Execution: what we delivered

2016 vs. 2013

Profitability

EBITA +43%
From €878m to €1,252m

RoS +400bp
From 6.4% to 10.4%

SG&A -25%
€1,278m to €961m

Below the line

Much lower volatility

-368%
From €809m to €173m

Operating WC

-13%
From ca. €6bn to ca €5.2bn

On track to achieve >15%
reduction by 2017

Investments

-56%
From €962m to €427m

self-financing Index
from 0.6 to 1

Net Result

+190%
From -€649m to €545m

FOCF

+421%
From -€220m to €706m

Net Equity

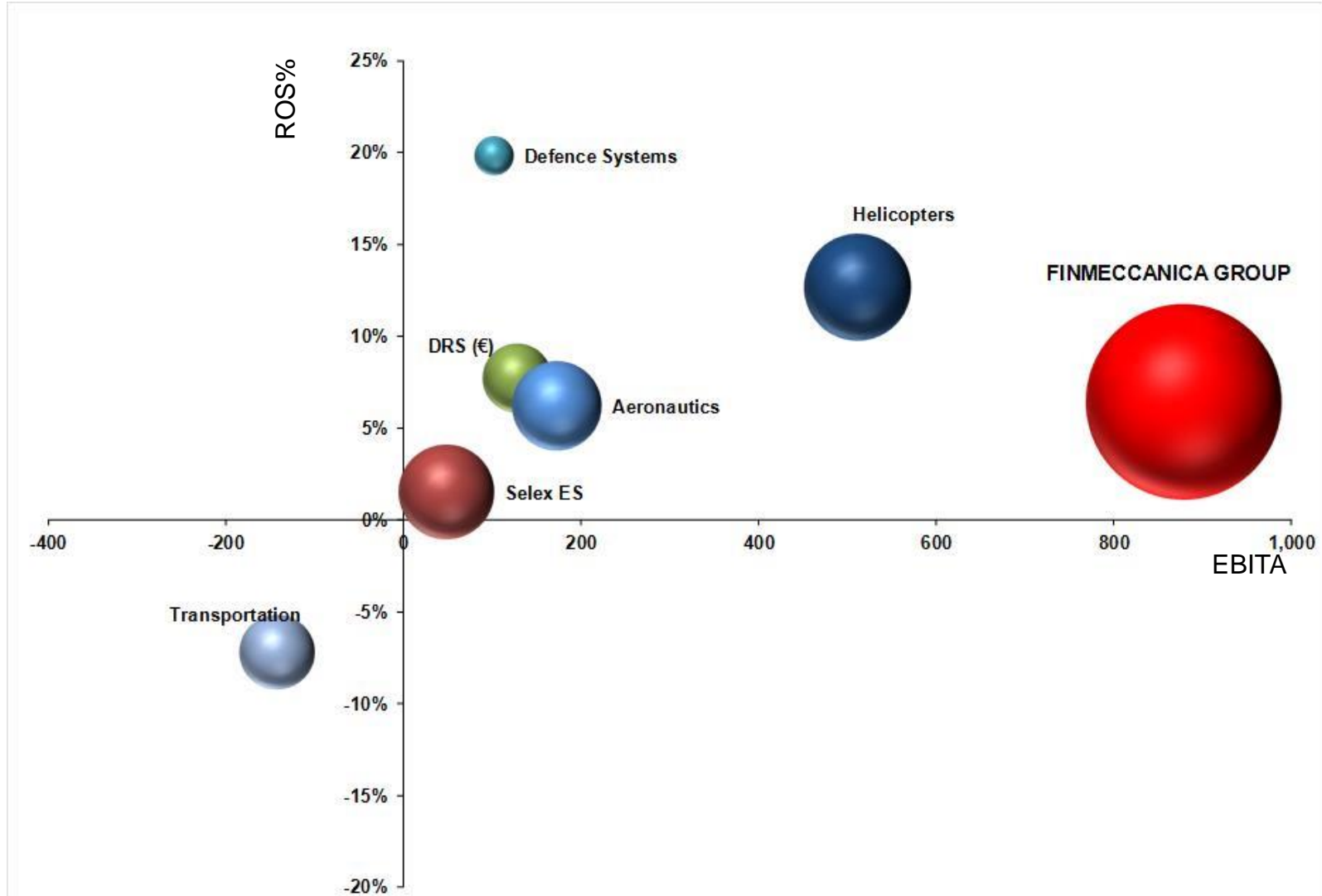
+19%
From €3.7bn to €4.4bn

Net Debt

-27%
From €3.9bn to €2.8bn

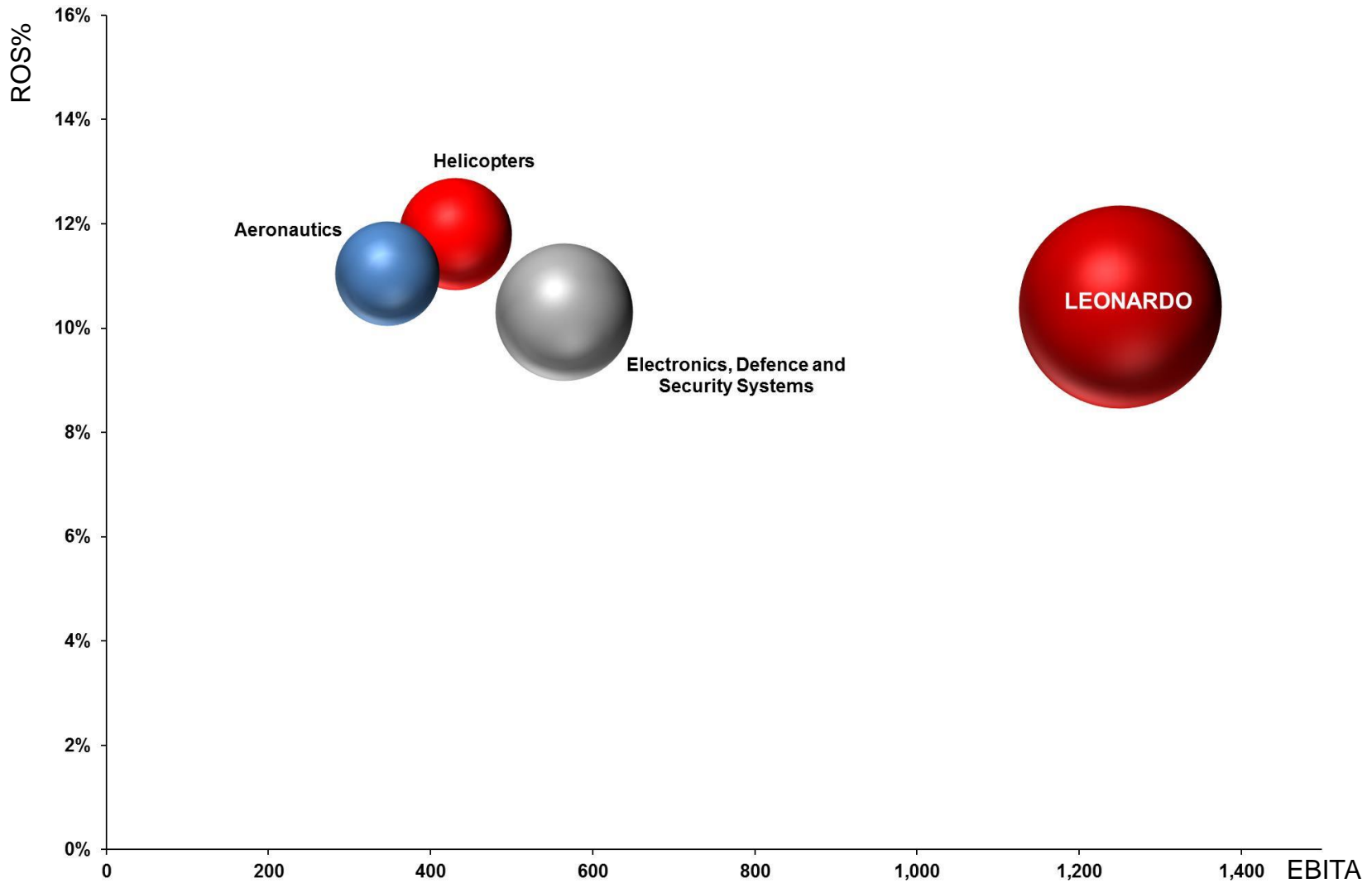
Finmeccanica in 2013*

EBITA (€M) - EBITA%



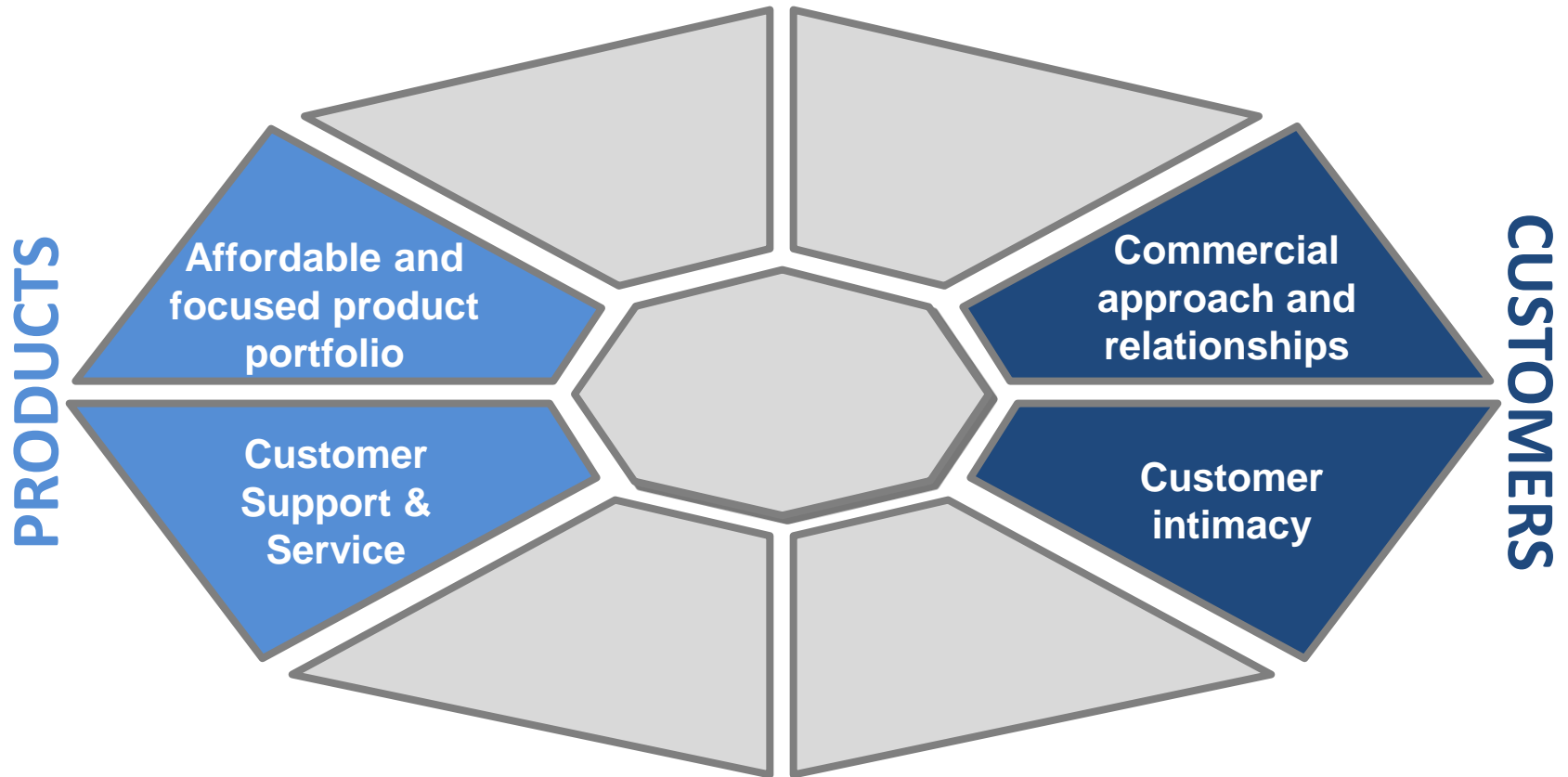
*Space sector consolidated under the Equity Method

Leonardo today*
EBITA (€M) - EBITA%



*Space sector consolidated under the Equity Method

Clear priorities for Leonardo's sustainable leadership in the long term



HELICOPTERS

- **WORLD CLASS BUSINESS AND KEY PLAYER IN THE MARKET**
- Extensive range of all the main helicopter **weight categories** (from 1.8 to 16 tonnes) and **missions** (dual use)
- A family of helicopters (**AW139**, **AW169**, and **AW189**) with the same design philosophy and the same certification and safety standards.
- Logistic and maintenance **customer support; training** programmes.
- **TECHNOLOGICAL LEADER**
 - Development of innovative technologies and platforms (**AW609 tiltrotor** and **RUAV**).
- **UNDERLYING PROFITABILITY SOLIDLY AT DOUBLE-DIGIT**



	1H			FY
	2017	2016	% Change	2016
€ Mln				
Orders	1,142	958	19.2%	3,737
Revenues	1,598	1,708	(6.4%)	3,639
EBITA	174	202	(13.9%)	430
ROS %	10.9%	11.8%	(0.9) p.p.	11.8%

FY2017 Revenues and profitability broadly in line with 2016

AERONAUTICS – AIRCRAFT & AEROSTRUCTURES

- **INTERNATIONAL COLLABORATIVE PROGRAMMES**
 - Eurofighter Typhoon, F-35 Lightning II.
 - European programmes nEUROn and MALE.
- **ABLE TO PROVIDE COMPLETE SOLUTIONS IN MILITARY TRAINING**
 - trainer aircraft (SF-260, M-345 HET, M-346)
 - **Ground Based Training System (GBTS)** for pilots and ground crew .
- **CUTTING EDGE TECHNOLOGIES IN STRUCTURAL COMPONENTS:**
 - **Boeing**, advanced composite aerostructures for the 787 Dreamliner, 767 and 777.
- **REGIONAL TRANSPORT AIRCRAFT**
 - **ATR 42 and 72** turboprop realised in partnership.
- **DOUBLE-DIGIT PROFITABILITY SUPPORTED BY INDUSTRIAL IMPROVEMENT AND ATR**



		1H		FY
	2017	2016	% Change	2016
€ Mln				
Orders	1,780	9,485	(81.2%)	10,158
Revenues	1,448	1,379	5.0%	3,130
EBITA	132	115	14.8%	347
ROS %	9.1%	8.3%	0.8 p.p.	11.1%

2017 Revenues in line with 2016, with “Double digit” profitability confirmed

ELECTRONICS, DEFENCE & SECURITY SYSTEMS

- **LARGEST CONTRIBUTOR TO GROUP RESULTS**
- **EUROPEAN LEADERSHIP IN MILITARY DEFENCE ELECTRONICS**
 - Radars and sensors
 - On-board avionics
 - Electronic warfare systems
- **IMPRESIVE RESTRUCTURING AND SUCCESSFUL TURNAROUND**
 - Profitability improvement
 - Book-to-bill above 1.2x for 2 years in a row
- **EXPOSURE TO THE BIGGEST DEFENCE MARKET (US)**
- **CONTRIBUTION BY MBDA MISSILE JV**
 - (37.5% BAE Systems, 37.5% Airbus Group, 25% Leonardo) is a world leader in missiles and missile systems.



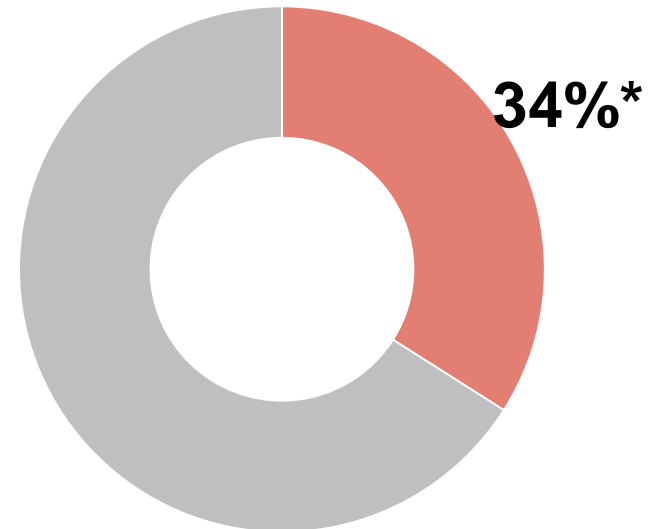
	1H			FY
	2017	2016	% Change	2016
€ Mln				
Orders	2,360	2,490	(5.2%)	6,726
Revenues	2,456	2,437	0.8%	5,468
EBITA	200	177	13.0%	558
ROS %	8.1%	7.3%	0.8 p.p.	10.2%

2017 Revenues and Profitability substantially in line with 2016

DRS expected to confirm the business growth and a further increase in profitability

ELECTRONICS, DEFENCE & SECURITY SYSTEMS AIRBORNE & SPACE SYSTEMS

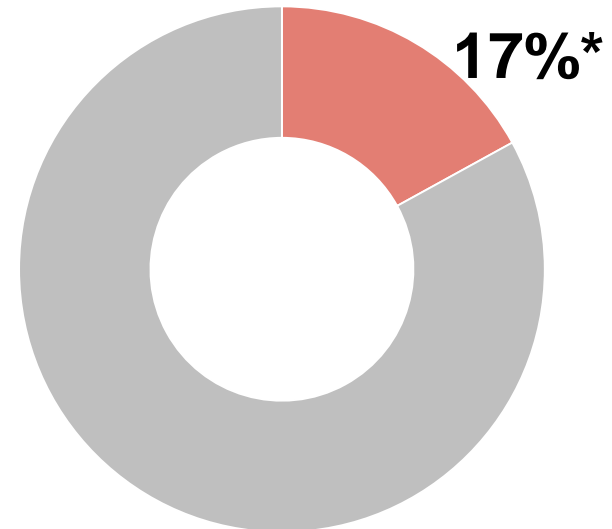
- **ISTAR** solutions (Intelligence, Surveillance, Target Acquisition & Reconnaissance), and **integrated mission systems** (such as ATOS-Airborne Tactical Observation and Surveillance).
- **Radars and sensors** (**Seaspray** and **Osprey** radars, based on **AESA** (Active Electronically Scanned Array) technology; **Gabbiano** radar family, with mechanically scanning array antenna).
- **Electronic warfare systems** (**BriteCloud**).
- **On-board avionics** and **CNI** (Communication, Navigation and Identification) systems.
- **Remotely piloted aircraft systems** (**Falco** family), **aerial target systems** and **simulation** systems.
- **Sensors and space systems** (mission payloads, advanced robotic systems and star trackers).



* FY2016 Revenues

LAND & NAVAL DEFENCE ELECTRONICS

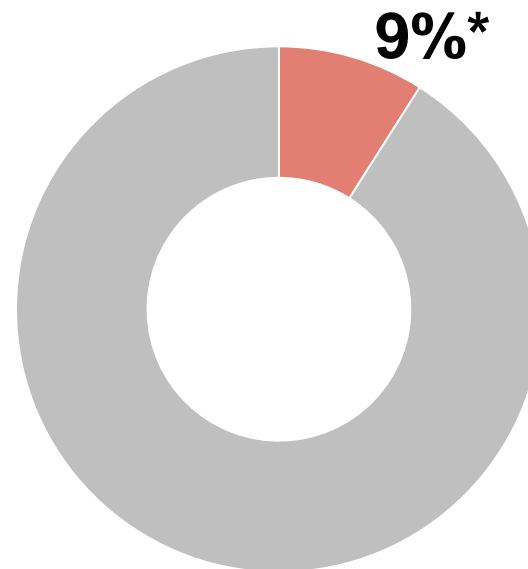
- **C4I** (Command, Control, Communications, Computer, Intelligence) solutions for Battlefield Management, Force Protection, Border, Territory & Maritime Control.
- **Naval Combat Management System (ATHENA).**
- **Radar Systems:** multifunctional electronically scanned array systems – AESA (**KRONOS**), Surveillance (**RAT/RAN**), Air Defence (**RAT**), Fire Control, Precision Approach and IFF (Identification Friend or Foe) radars.
- **Optronic Systems:** thermal cameras and imaging system designed for land, naval and avionic platforms.
- **Communications systems and solutions** protected and interoperable in fixed, portable and mobile versions.
- **Integrated solutions for logistics support**



* FY2016 Revenues

DEFENCE SYSTEMS

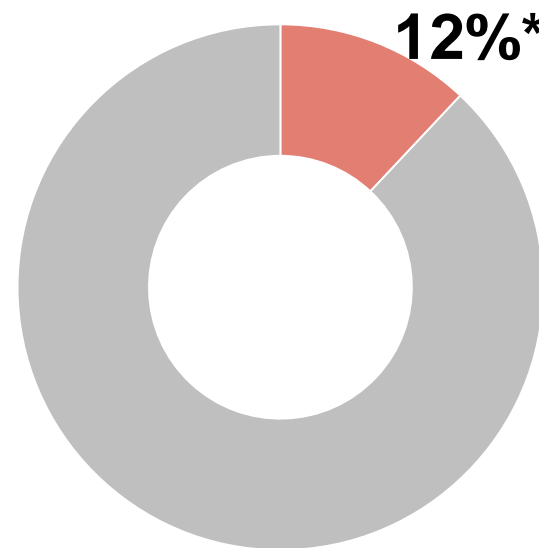
- **Land and naval artilleries** (small, medium and large calibre); guided and conventional **ammunition** (**DART** and **VULCANO** family) of various calibres.
- **Unmanned ground, sea and underwater vehicles.**
- **Armaments** for military helicopters and aircraft.
- **Heavy and light weight torpedoes** (Black Shark, A244 and MU90).
- **Anti-torpedo countermeasure systems** and **sonar systems.**
- **Surface and underwater protection systems** for naval platforms and **underwater surveillance systems** for ports, coastal areas and strategic sites.
- **Tracked and wheeled armoured vehicles** (VBM Freccia and Centauro) through the CIO consortium (IVECO – Oto Melara).



* FY2016 Revenues

SECURITY & INFORMATION SYSTEMS

- **Air and Vessel Traffic** Management and Control systems.
- **Systems for security and control of the territory**, critical infrastructure, borders, major events (Milan Expo 2015).
- **Mobility solutions** to support traffic and transport in urban areas.
- Innovative **cybersecurity** solutions (e.g. NATO Computer Incident Response Capability (NCIRC) provides services to over 70,000 NATO users in 29 countries).
- **Automation systems** for sorting, handling and tracking for postal operators, couriers and airports.
- **E-Government solutions** to support digital transformation processes.

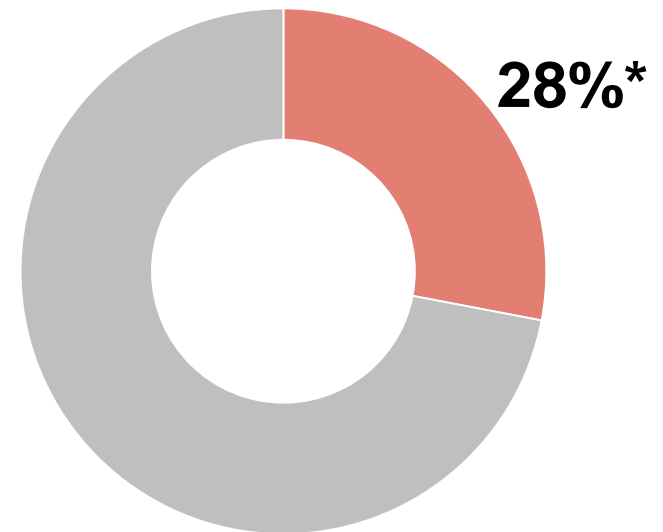


DRS Technologies

DRS Technologies, a US based subsidiary, is a leading supplier of integrated products, services and support to military forces, intelligence agencies and prime defence contractors worldwide.

The offer includes:

- **thermal devices**
- **power systems and marine propulsion**
- **tactical communication solutions**
- **electronic sensor systems**
- **support services and integrated logistics.**



SPACE

STRATEGIC RELEVANCE WITHIN THE BUSINESS PORTFOLIO

- **Telespazio** (67% Leonardo and 33% Thales).
- **Thales Alenia Space** (67% Thales and 33% Leonardo).
- **Avio** (space launcher and spacecraft propulsion)

KEY ROLE IN MAJOR INTERNATIONAL PROGRAMMES:

- Galileo
- COSMO-SkyMed
- Copernicus
- SICRAL
- Rosetta
- ExoMars

BROAD RANGE OF ACTIVITIES AND SOLUTIONS

- Telecommunications
- Earth Observation
- Navigation
- Science
- Exploration
- satellite manufacturing
- orbiting infrastructures
- design and development of space systems
- management of satellite services

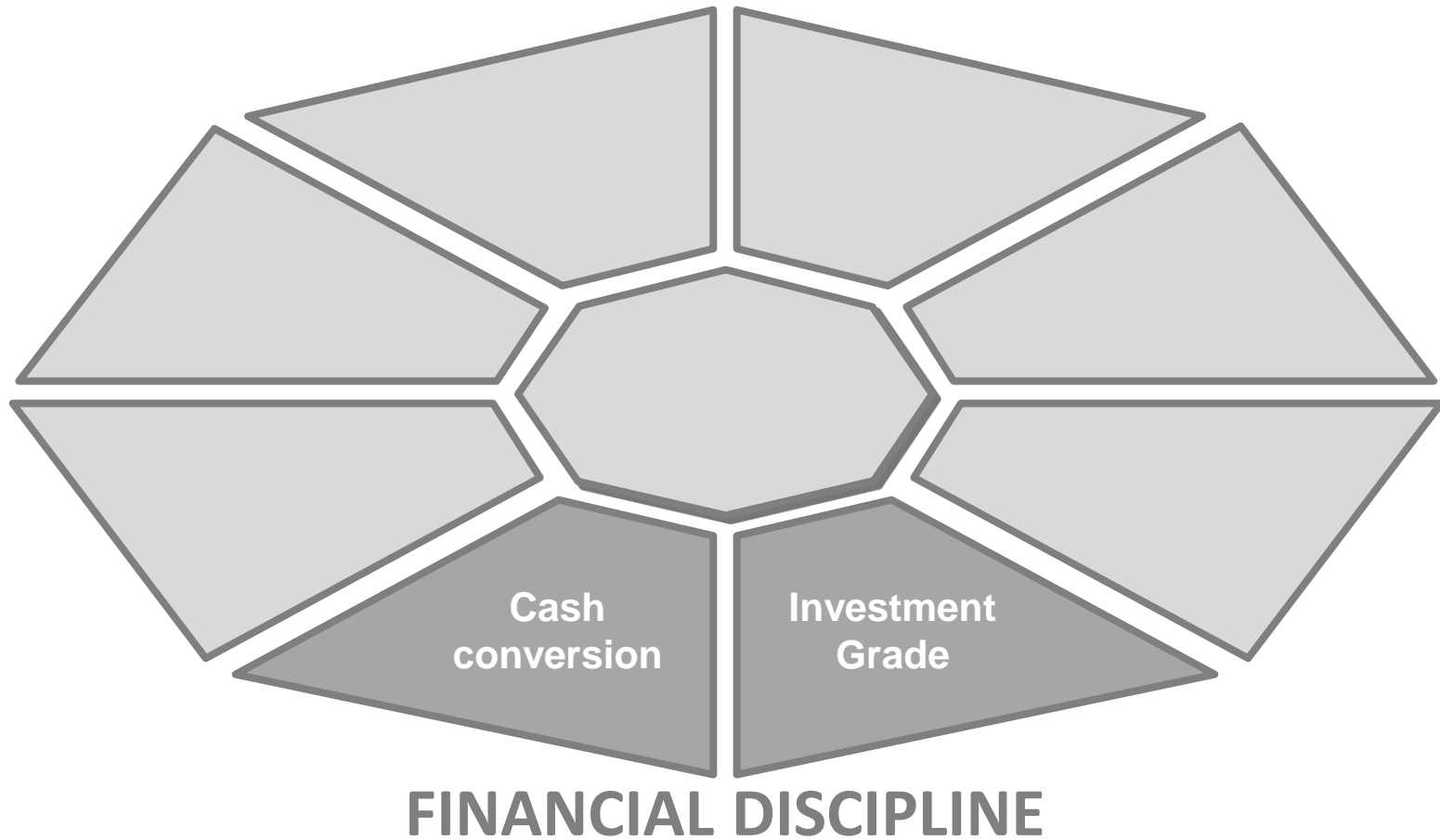


	1H			FY
	2017	2016	% Change	2016
EBITA	27	29	(6.9%)	77

€ Mln

2017 Profitability in line with 2016, with growing Manufacturing Revenues




Clear priorities for Leonardo's sustainable leadership in the long term





Credit rating update

✦ Here below the current Credit Ratings assigned to Leonardo

<i>Agency</i>	<i>Credit Rating</i>	<i>Outlook</i>	<i>Latest update</i>
Moody's	Ba1	Positive 	Outlook revised from Stable on 23 May 2017
Standard & Poor's	BB+	Stable 	Outlook revised from Negative on 28 Apr. 2015
Fitch	BB+	Positive 	Outlook revised from Stable on 28 Oct. 2016

FY2017 Guidance

		FY2016A	FY2017E*	
New orders	€ bn	20.0	12.0 – 12.5	Higher than 2016 (excluding Kuwait) still in a context of challenging markets
Revenues	€ bn	12.0	ca. 12.0	Stabilising and consolidating the current focus on the core business
EBITA	€ mln	1,252	1,250 – 1,300	further improvement also in profitability
FOCF	€ mln	706	500 – 600	2016-2017 cumulative net effect of the EFA Kuwait advance payment confirmed at ca. € 600 mln
Group Net Debt	€ bn	2.8	ca. 2.5	including the acquisition of Daylight Solutions and the payment of dividend for € 0.14 p.s.

(*) Assuming €/ \$ exchange rate at 1.15 and €/ £ at 0.85

Medium-Term Targets

Development & Growth

- * Book to bill at ca. 1x
- * 2017-2021 Revenues CAGR of 3%-5% driven by
 - * new orders, despite challenging markets
 - * strong backlog (i.e. large orders in Aeronautics and Electronics expected to contribute by 2018)
- * Continuous improvement in profitability, with RoS at 11% by the mid-point of the Plan driven by
 - * higher volumes
 - * continued focus on efficiency
- * Solid and flexible financial structure due to improved cash generation and material reduction in debt
- * We remain committed to a disciplined financial strategy
 - * aiming at going back to an “investment grade” credit rating
 - * pursuing a better balance between reducing leverage, sustaining organic and external investment and shareholders return

THANK **YOU** FOR YOUR ATTENTION



www.leonardocompany.com



APPENDIX

Financial position (as of end of June 2017)

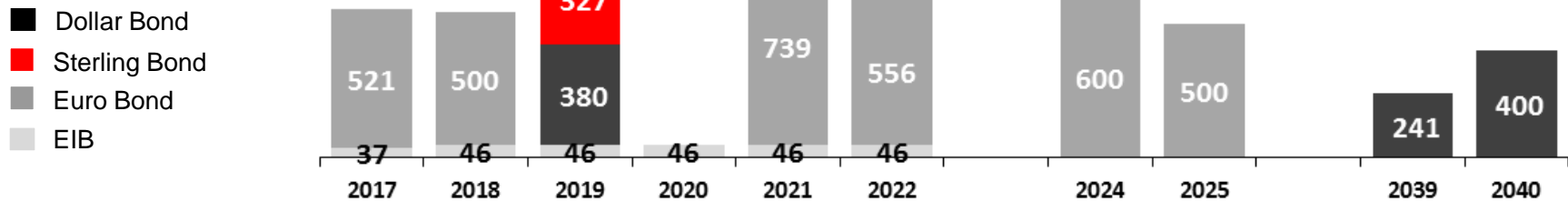
FINANCIAL POSITION

Bond	4.822
Bank Debt including EIB Loan	294
Cash Available	(1.842)
Other Financial Asset/Liabilities	303
	3.577

(€mil)

Average life: ~ 6 years

Debt maturity profile

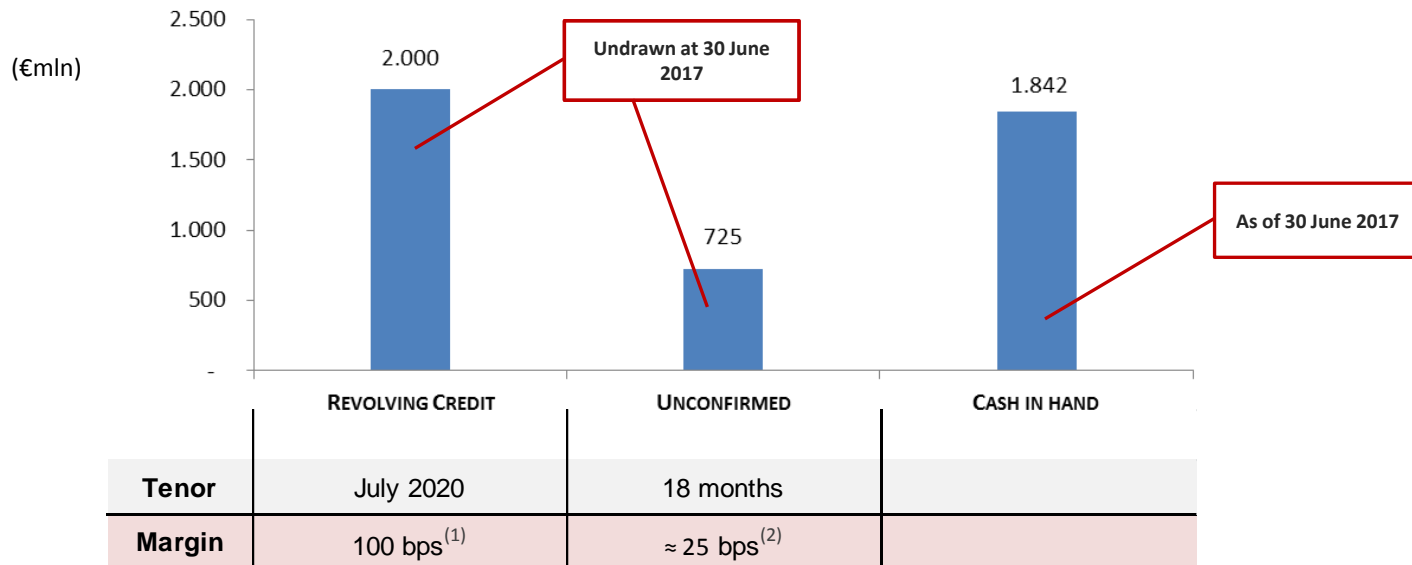


Liquidity position (as of end of June 2017)

Availability of adequate committed liquidity lines

In order to cope with possible swings in financing needs, Leonardo can leverage:

- 30 June cash balance of approx. €1.8 Billion
- Credit lines worth €2.7 Billion (confirmed and unconfirmed)
 - The Revolving Credit Facility was renegotiated on 6 July 2015 lowering the margin from 180bps to 100bps. The renegotiated facility has an amount of €2.0bn and will expire in July 2020
- Bank Bonding lines of approximately €4.1 Billion to support Leonardo's commercial activity



(1) Based on rating as of 31/03/2017

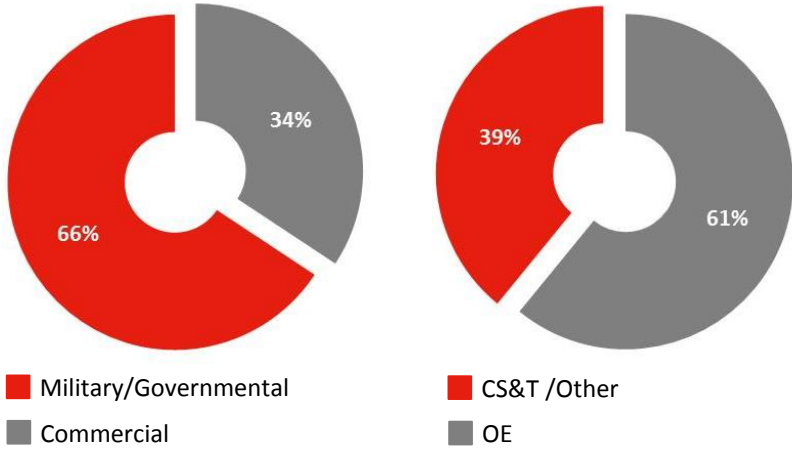
(2) Average. Expected to be renewed at maturity

Development costs capitalised as intangible assets at 31 december 2016

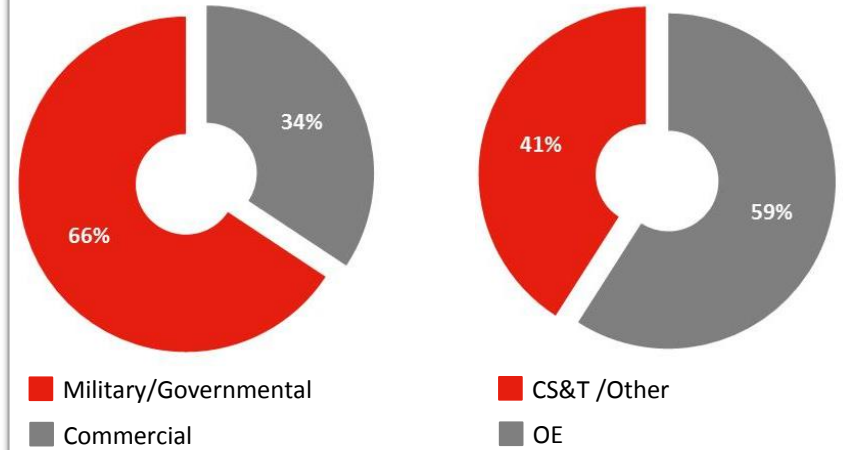
<i>€mln</i>	Self Funded National Security	Self Funded Other	Total
01 Jan 2016 Opening Balance	1,437	520	1,957
Gross R&D capitalised	160	44	204
Depreciation and write offs	-126	-65	-191
Disposals	0	0	0
Net R&D capitalised	34	-21	13
Reclassifications and exchange differences	1	-9	-8
31 Dec 2016	1,472	490	1,962

Helicopters

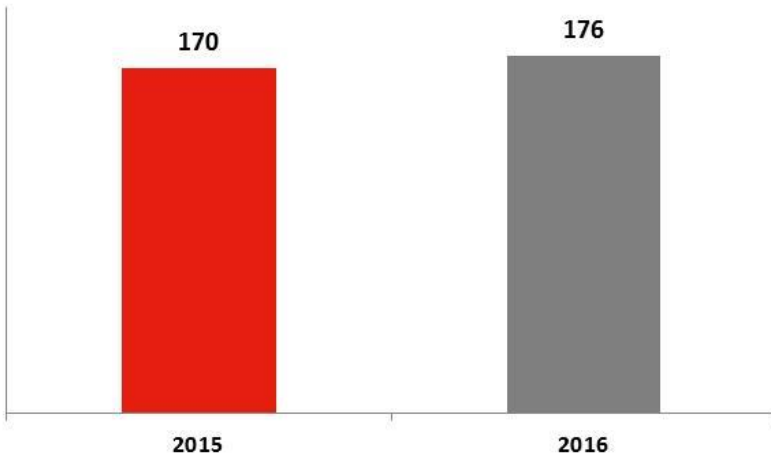
2015 REVENUES BY CUSTOMER/SEGMENT



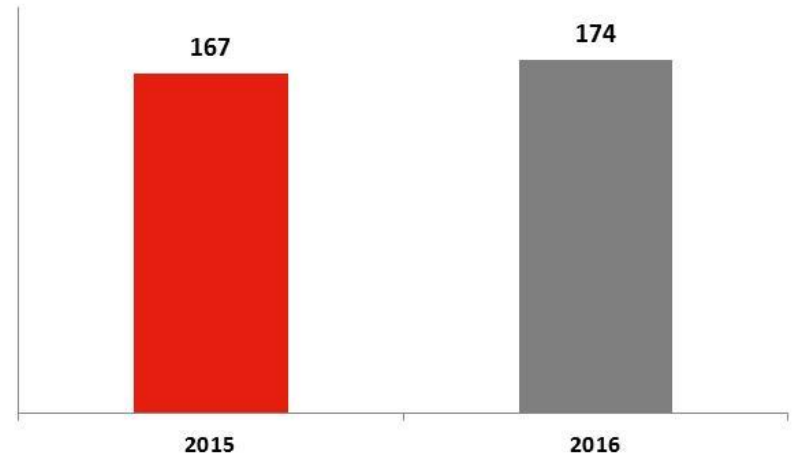
2016 REVENUES BY CUSTOMER/SEGMENT



UNITS ORDERED



UNITS DELIVERED



Eurofighter Kuwait contract

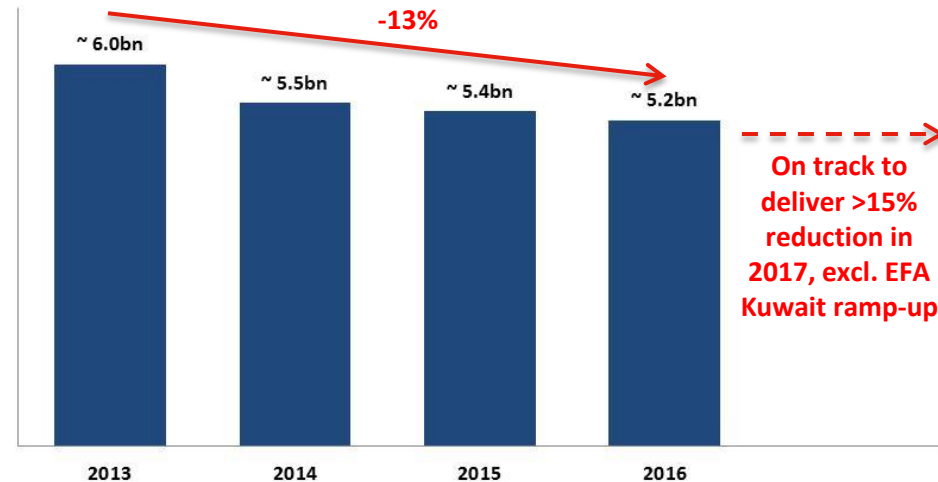
- * Contract signed on April 5th 2016 for 28 Eurofighter in the most advanced configuration, including **new E-Scan radar**
- * Leonardo as prime contractor will lead all activities on behalf of the Consortium. Our share is ca. 60% of total value (€ 7,95mln), remaining 40% is pass-through
- * 8-year contract (2016-2023). Production, delivery and acceptance will be in Italy (Aircraft Division). Deliveries will start in 2019
- * The impact of the contract on the Group :
 - * **ORDERS**: entire amount (€ 7,95mln) booked 2Q2016 in Aircraft Division
 - * **REVENUES**: meaningless contribution in 2016, ramping up in 2017-2018, peak of ca. €2bln p.y. in 2020-2021
 - * **EBITA**: not expected to be dilutive on margins in 2017-2018, only marginally from 2019 onwards as Revenues peak up
 - * **FOCF**: downpayment received in July 2016 and January 2017 to have an overall cumulative net effect on 2016-2017 FOCF of € 600mln. As typical for this kind of contracts, cash absorption is expected as the deliveries start, due to the build up of the Working Capital

Net Invested Capital streamlining

Target exceeded on investments and on track to deliver Working Capital reduction

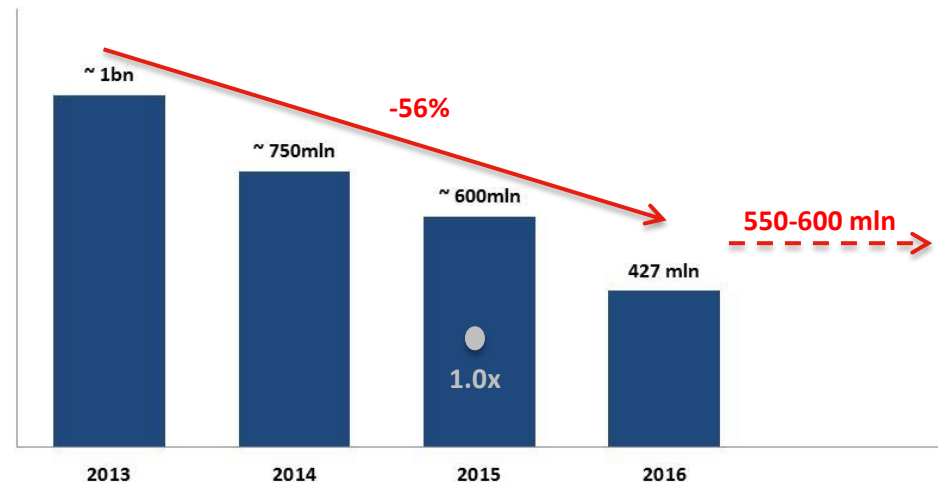
Working Capital net of Customer Advances

- Customer Advances expected to decrease YoY (approx -6% per year), excluding EFA Kuwait
- Net of Customer advances impact, initiatives put in place lead to an operating working capital reduction
- Reducing trend also in 2016.
- More to be done but on track to reach 2017 target, before taking into account the impact of EFA Kuwait ramp-up



Material rationalisation of Investments (CAPEX + R&D)

- >20% reduction target and already 1x self-financing index target achieved in 2015.
- 2016 temporary reduction in the level of investments
- From 2017 onwards investments expected to remain broadly flat at ca. €550-600mln
- Investments aimed at sustaining the business in the future confirmed, key programmes not delayed



SAFE HARBOR STATEMENT

NOTE: Some of the statements included in this document are not historical facts but rather statements of future expectations, also related to future economic and financial performance, to be considered forward-looking statements. These forward-looking statements are based on Company's views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Given these uncertainties, you should not rely on forward-looking statements.

The following factors could affect our forward-looking statements: the ability to obtain or the timing of obtaining future government awards; the availability of government funding and customer requirements both domestically and internationally; changes in government or customer priorities due to programme reviews or revisions to strategic objectives (including changes in priorities to respond to terrorist threats or to improve homeland security); difficulties in developing and producing operationally advanced technology systems; the competitive environment; economic business and political conditions domestically and internationally; programme performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; our ability to achieve or realise savings for our customers or ourselves through our global cost-cutting programme and other financial management programmes; and the outcome of contingencies (including completion of any acquisitions and divestitures, litigation and environmental remediation efforts).

These are only some of the numerous factors that may affect the forward-looking statements contained in this document.

The Company undertakes no obligation to revise or update forward-looking statements as a result of new information since these statements may no longer be accurate or timely.

Contacts

ir@leonardocompany.com
www.leonardocompany.com/investors

Raffaella Luglini

*EVP External Relations, Communication, Italian Institutional Affairs,
Investor Relations and Sustainability*

+39 06 32473.066

raffaella.luglini@leonardocompany.com

Valeria Ricciotti

Equity Analysts & Investors

+39 06 32473.697

valeria.ricciotti@leonardocompany.com

Alessio Crosa

*Fixed Income Analysts & Investors and
relationship with Credit Rating Agencies*

+39 06 32473.337

alessio.crosa@leonardocompany.com

Manuel Liotta

Group Sustainability & ESG

+39 06 32473.666

manuel.liotta@leonardocompany.com

2016 Annual Results

Quick links

[Annual report 2016](#)

[Press release](#)

[Video webcast](#)



[Video channel](#)



[Slide channel](#)

Sustainability



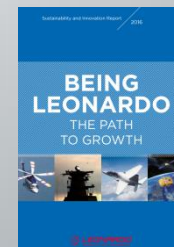
Member since 2010



Participation since 2008



Member since 2016



[Sustainability and Innovation Report 2016](#)

We do business in a sustainable manner, with a continued commitment to economic and social development and the protection of public health and the environment.