



2Q/1H2021 Results Presentation

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Chief Executive Officer

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—
Rome, 29 July 2021





Agenda

- > **Key messages**
- > 2Q/1H2021 Results
- > Sector Results
- > Appendix

Chief Executive Officer

Chief Financial Officer



Key messages

- Solid first half results with strong and resilient military-governmental business
- All businesses on track to deliver targets: FY21 Guidance confirmed
- Some positive signs in challenging civil aeronautics
- Strong foundations and core fundamentals giving confidence in medium-long term
- Capabilities, innovative technologies and security solutions across the Group generating growth opportunities
- Strong commitment to ESG with successful achievements



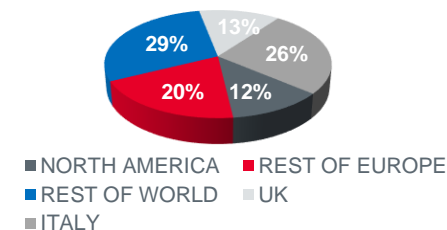
Solid first half and on track

Progressing well with our Plan: 2021 Guidance confirmed

**CONTINUED STRONG
COMMERCIAL
PERFORMANCE AND
SOLID BACKLOG
PROVIDING LONG TERM
VISIBILITY**

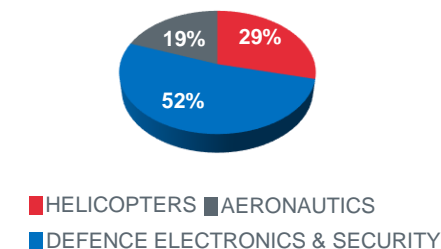
- Strong and resilient military/governmental
- Book to Bill > 1

BACKLOG* € 35.8 bn



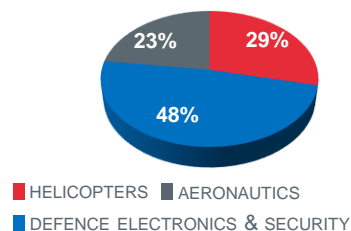
*not including Soft Backlog

**ORDERS € 6.7 bn
+9.5% YOY**



**SOLID RESULTS
CONFIRMING OUR
GROWTH PATH.
TIMING OF RECOVERY
STILL UNCERTAIN BUT
POSITIVE SIGNS IN CIVIL**

**REVENUES € 6.3 bn
+7.9% YOY**



**EBITA € 400 mln
+37.0% YOY**

- Strengthened performance as volumes are increased and COVID impact is reduced

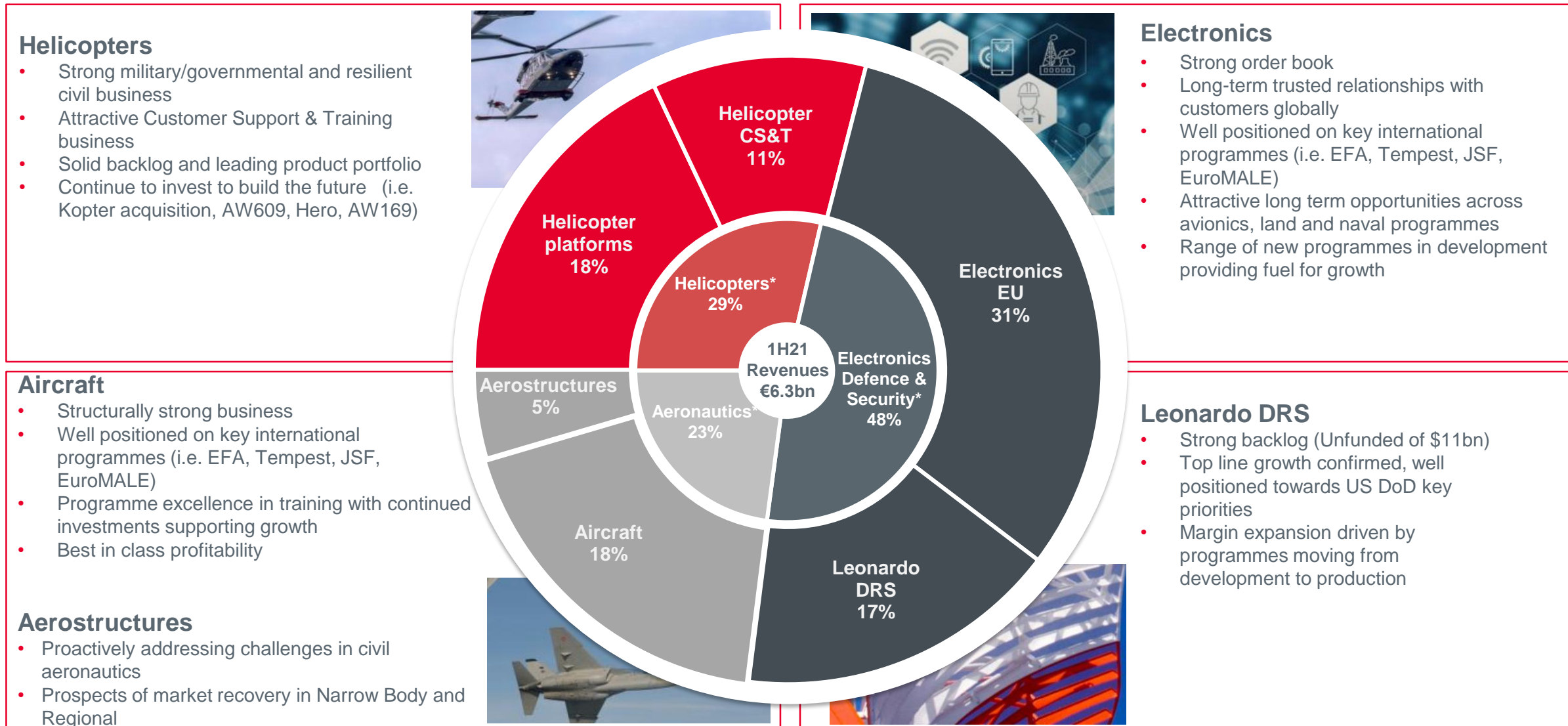
**ROS 6.3%
+1.3 p.p.**

- Higher profitability across the Group besides Aerostructures

- FOCF at - € 1.4 bn, on track to achieve FY2021 guidance
- Strong liquidity and financial flexibility
- Net Debt 2021 guidance confirmed at €3.2bn



Strong confidence in medium long term potential of our main businesses



Helicopters

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



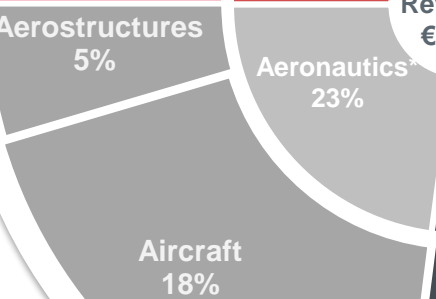
Electronics

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



Aircraft

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



Leonardo DRS

- Strong backlog (Unfunded of \$11bn)
- Top line growth confirmed, well positioned towards US DoD key priorities
- Margin expansion driven by programmes moving from development to production



Aerostructures

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

*Excluding other activities and elimination



ESG: underpinning our purpose and strategy

Effective management of economic, environmental and social risks and opportunities creates long-term value, ensuring reliable and robust returns

- First Integrated report in 2020 combining financial and ESG information
- Key results achieved in 2020
- Clear alignment of executive pay with ESG targets to ensure sustainability is embedded in culture and behaviors

10% of MBO linked to ESG targets

KPIs	Weight	Functioning mechanism	Target / Guidance
Inclusion in Dow Jones Sustainability Indices	5%	On / off	Inclusion of Leonardo
Reduction in average accident frequency rate	5%	On / off	$I_f \leq 0,78$

20% of Long Term Incentive Plan linked to ESG targets

KPIs	Weight	Reference financial period	Performance target	Payout range
Climate Change (Reduction in emissions scope 1 and 2)*	10%	2021-2023	43.1	100%
			44.0	50%
Gender diversity (% of women of total new hires with a STEM degree)	10%	2021-2023	20%	100%
			18%	50%

* The indicator is calculated according to the location-based method as a ratio of emissions of Scopes 1 and 2 location-based (tCO₂e) to revenues (€mil.) per year (Intensity of CO₂e emissions on revenues)



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Chief Executive Officer

Chief Financial Officer



1H 2021 Highlights

Solid first half on track with continued strong commercial activity and strengthening performance

- **Continued strong demand for our products supports growing top line**
 - Backlog at € 35.9 bn, book to bill >1
 - Order intake of € 6.7 bn, up 9.5% YoY
 - Revenues at € 6.3 bn, up 7.9% YoY
- **Cautious on timing of civil recovery; some positive signs in narrow body and regional**
- **Strengthening performance as we increase volumes and reduce COVID impact**
 - EBITA at € 400 mln, up 37% YoY
- **Group cash flow, on track to achieve FY2021 Guidance**
 - FOCF at € -1.4 bn significantly improved vs 1H2020, reflecting usual seasonality
- **Strong liquidity position confirmed; no refinancing needs until 2022**
- **On track to deliver FY2021 Guidance**



Order Intake

Continued strong commercial activity

	€ mln	Δ % YoY	
1H2020A	6,104		
HELICOPTERS	2,009	-20.5%	Large IMOS contract booked in 1H20 . In 2021 Orders for 36 TH-73A (AW119) for the US Navy, follow-on tranche of NEES for Italian army, 9AW139 for Saudi Royal Court
ELECTRONICS EUROPE	2,433	71.3%	EFA Germany and equipment for two U212 Near Future Submarines (NFS). In Cyber, SICOTE (Territory Control System) phase 4
LEONARDO DRS	1,190	-17.6%	Mounted Family of Computer Systems (MFoCS) for US Army and IM-SHORAD (Initial-Maneuver-Short Range Air Defense)
AIRCRAFT	1,235	84.6%	Finalisation of a major export contracts for M-346
AEROSTRUCTURES	133	-61.2%	Affected by lower OEM demand
ELIMINATIONS & OTHER	-318		
1H2021A*	6,682	9.5%	

* Including ca. € 133 mln of negative forex



Revenues

Strong top line performance across the Group

	€ mln	Δ % YoY	
1H2020A	5,878		
HELICOPTERS	1,890	11.6%	Ramp-up in military/governmental (NH90 Qatar and TH-73A US Navy); AW189/AW149 and AW169
ELECTRONICS EUROPE	2,092	15.5%	Growth across businesses delivering on strong backlog
LEONARDO DRS	1,111	0.4%	+9.4 in USD, confirming growing path – adverse translation FX impact
AIRCRAFT	1,234	14.9%	Increase driven by M-346 trainers
AEROSTRUCTURES	305	-35.5%	B787 and ATR production slowdown
ELIMINATIONS & OTHER	-287		
1H2021A*	6,345	7.9%	

* Including ca. € 111 mln of negative forex



EBITA and Profitability

Strengthening performance as we increase volumes and reduce COVID impact

	€ mln	RoS	Δ % YoY	
1H2020A	292			
HELICOPTERS	148	7.8%	6.5%	Higher volumes and improved industrial efficiency; different mix impacting RoS
ELECTRONICS EUROPE	201	9.6%	97.1%	Higher volumes, improved industrial efficiency. 2020 reflecting underperformance in automation and other minor businesses
LEONARDO DRS	96	8.7%	50.0%	Confirmed margin expansion
AIRCRAFT	150	12.2%	23.0%	Higher volumes and improved industrial efficiency
AEROSTRUCTURES	-82	-26.9%	-583.3%	Lower volumes and lower assets utilization
ATR	-21		38.2%	Higher deliveries (6 deliveries in 1H21) and restructuring in place
SPACE	23		330%	Higher volumes and improved profitability in Manufacturing, good performance in Services confirmed. One-off tax benefit
CORPORATE & OTHER	-115	-59.0%		
1H2021A*	400	6.3%	37.0%	

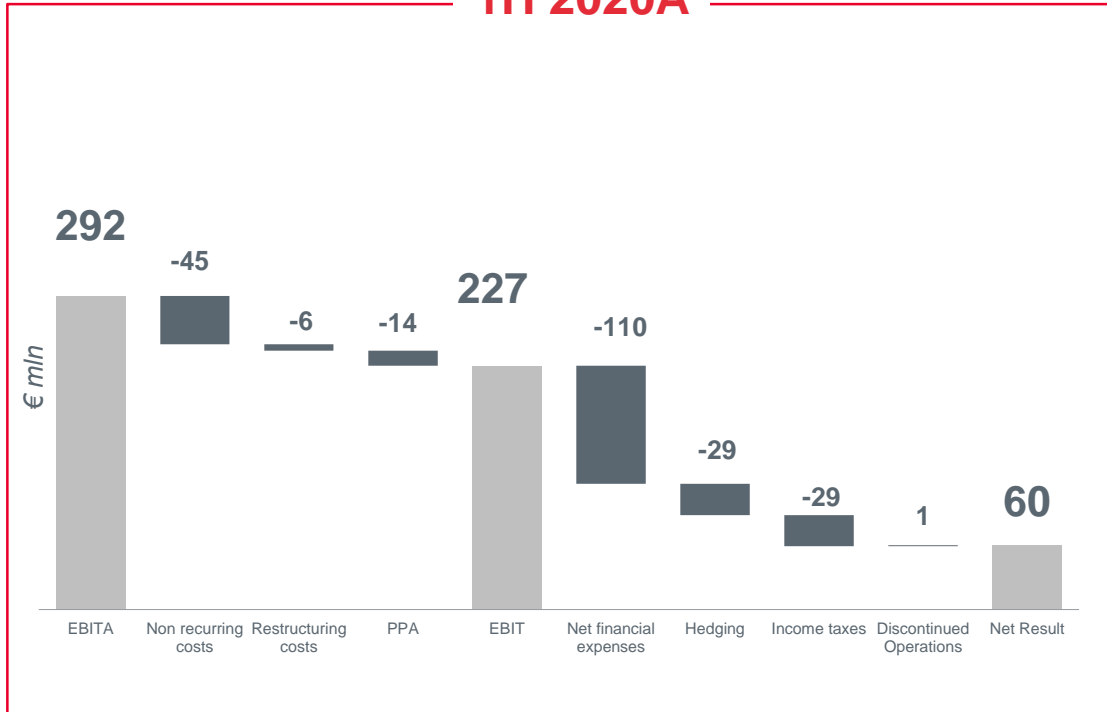
* Including ca. € 6 mln of negative forex



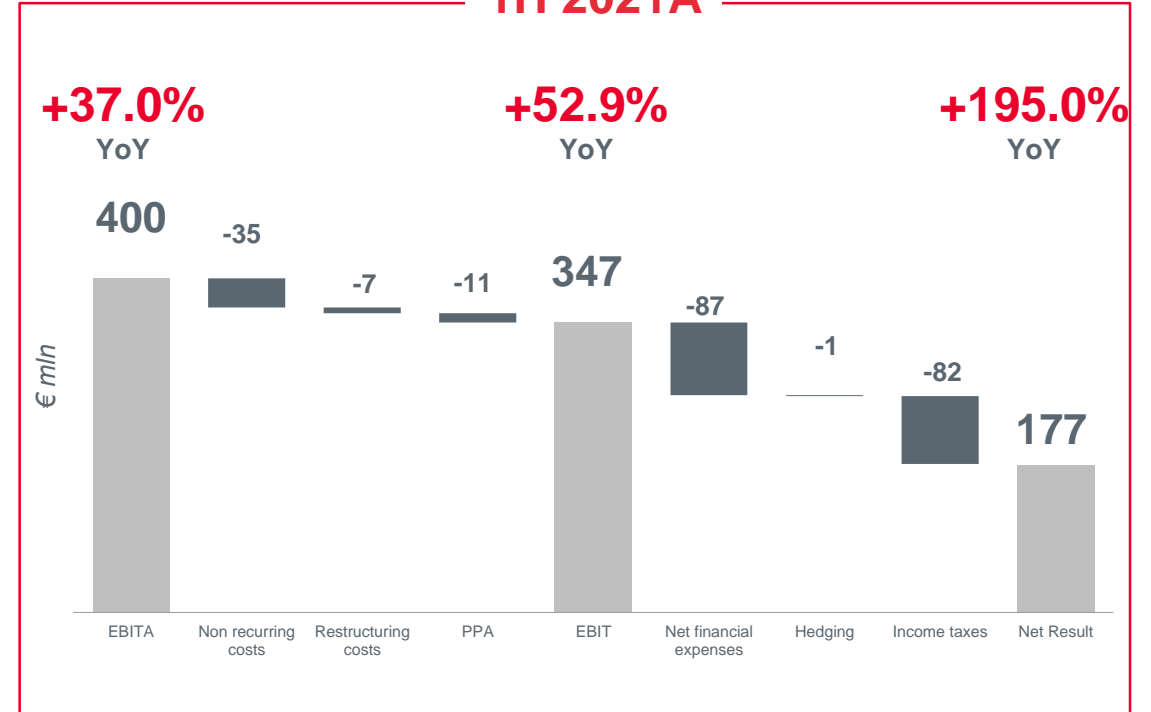
From EBITA to Net Result

Net Result benefitting from EBITA increase

1H 2020A



1H 2021A



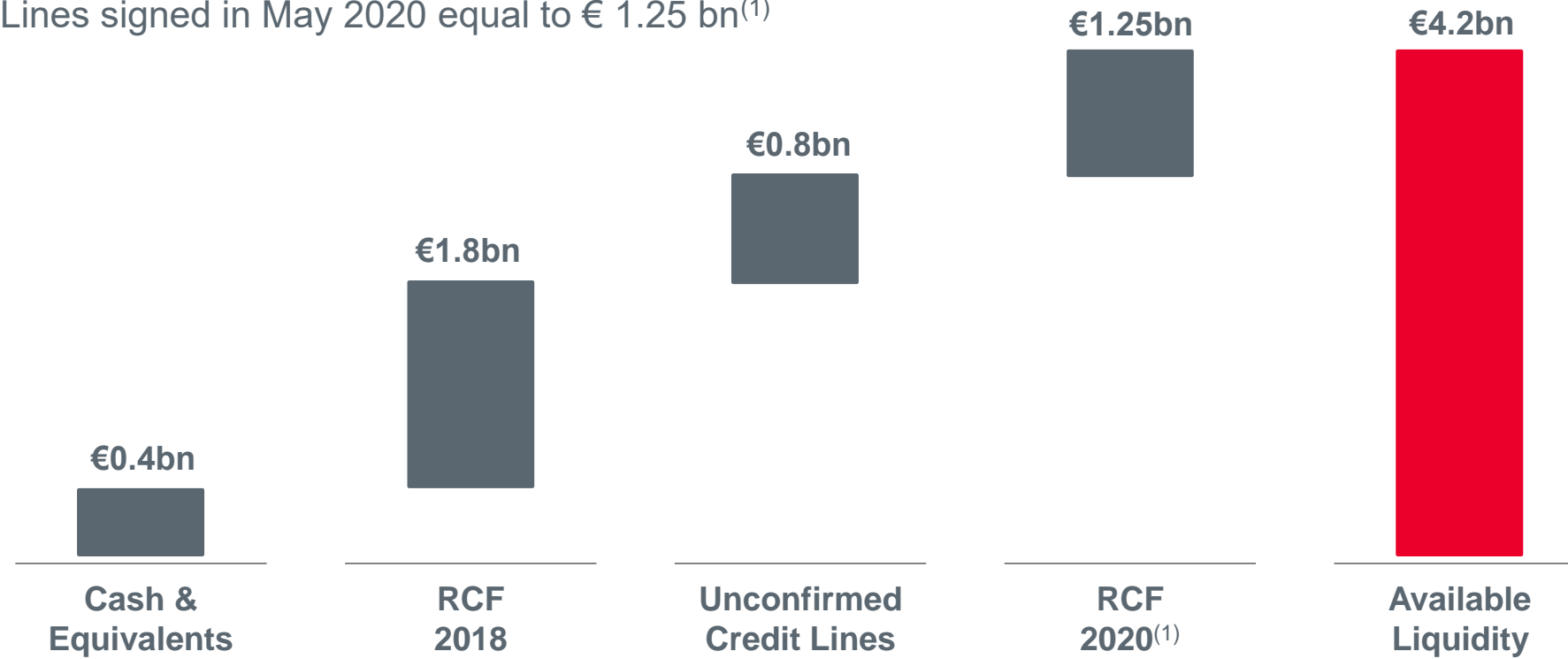
- EBIT up 53% due to EBITA increase
- Net Result mainly benefitting from EBITA increase, with lower impact from FX hedging activity and lower financial expenses

- 1H21 FOCF at -€1.4bn, materially up vs 1H2020, reflecting usual seasonality



Strong liquidity position at ca. € 4.2 bn

- Cash availability and credit facilities ensure Group's liquidity above € 4.2 bn
 - Confirmed credit lines equal to € 1.8 bn
 - Unconfirmed credit lines equal to € 0.8 bn
 - Credit Lines signed in May 2020 equal to € 1.25 bn⁽¹⁾



(1) €750mIn Term Loan fully cancelled at the end of 2020 following the bond issuance and EIB financing



2021 Guidance confirmed

		FY2020A	FY2021 Guidance*
New Orders	(€ bn)	13.8	ca. 14
Revenues	(€ bn)	13.4	13.8-14.3
EBITA	(€ mln)	938	1,075-1,125
FOCF	(€ mln)	40	ca. 100
Group Net Debt	(€ bn)	3.3	ca. 3.2**

2021E

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

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

**Assuming no dividend payable for 2020 results

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



Closing remarks

- Back on the growth path
- Continued strong commercial activity globally building our backlog (book-to-bill>1)
- Top line growth across all sectors
- Robust profitability benefitting from increasing volumes and solid industrial performance
- Cash flow on track supported by detailed action plan delivering first effects in 1H21

Q&A



SECTOR RESULTS





Helicopters

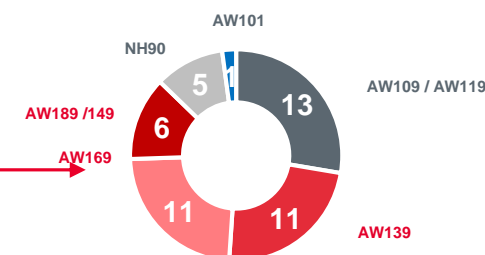
	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
€ mln							
Orders	1,040	1,154	11%	2,526	2,009	(20.5%)	4,494
Revenues	989	1,098	11%	1,693	1,890	11.6%	3,972
EBITA	121	117	(3%)	139	148	6.5%	383
RoS	12.2%	10.7%	(1.5 p.p.)	8.2%	7.8%	(0.4 p.p.)	9.6%

REVENUES BY CUSTOMER / SEGMENT

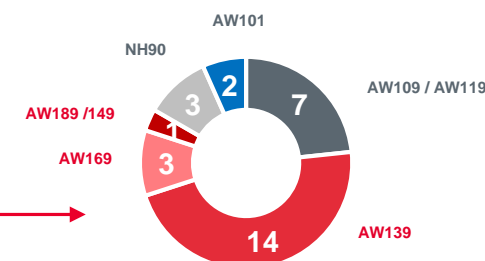


DELIVERIES BY PROGRAMME

1H2021 = 47 new units



1H2020 = 30 new units



2021 OUTLOOK*

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



Defence Electronics & Security

ELECTRONICS - EU

	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
€ mln							
Orders	558	889	59.3%	1,420	2,433	71.3%	4,710
Revenues	966	1,161	20.2%	1,812	2,092	15.5%	4,147
EBITA	56	122	117.9%	102	201	97.1%	360
RoS	5.8%	10.5%	4.7 p.p.	5.6%	9.6%	4.0 p.p.	8.7%

LEONARDO DRS

	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
\$ mln							
Orders	914	720	(21.2%)	1,592	1,435	(9.9%)	3,054
Revenues	643	658	2.3%	1,219	1,339	9.8%	2,757
EBITA	33	58	75.8%	70	116	65.7%	202
RoS	5.1%	8.8%	3.7 p.p.	5.7%	8.7%	3.0 p.p.	7.3%

Avg. exchange rate €/€ @ 1.1014 in 1H2020

Avg. exchange rate €/€ @ 1.2057 in 1H2021

2021 OUTLOOK*

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

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



Aeronautics

AIRCRAFT

	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
€ mln							
Orders	154	640	315.6%	669	1,235	84.6%	2,031
Revenues	643	724	12.6%	1,074	1,234	14.9%	2,634
EBITA	96	103	7.3%	122	150	23.0%	355
RoS	14.9%	14.2%	(0.7 p.p)	11.4%	12.2%	0.8 p.p.	13.5%

AEROSTRUCTURES

	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
€ mln							
Orders	199	97	(51.3%)	343	133	(61.2%)	581
Revenues	245	194	(20.8%)	473	305	(35.5%)	819
EBITA	14	(36)	(357.1%)	(12)	(82)	(583.3%)	(86)
RoS	5.7%	(18.6%)	(24.3 p.p)	(2.5%)	(26.9%)	(24.4 p.p.)	(10.5%)

ATR

	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
€ mln							
EBITA	(17)	(7)	58.8%	(34)	(21)	38.2%	(69)

2021 OUTLOOK*

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

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



Space

	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
€ mln							
EBITA	(8)	20	350.0%	(10)	23	330.0%	23

2021 OUTLOOK*

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

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

APPENDIX





2Q/1H2021 Results

Group Performance

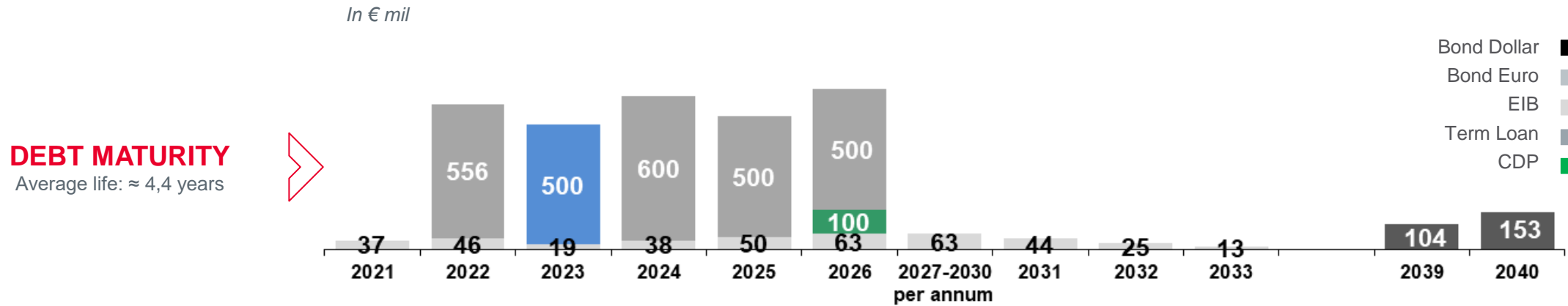
	€ mln	2Q 2020	2Q 2021	% Change	1H2020	1H2021	% Change	FY 2020
New Orders		2,683	3,261	21.5%	6,104	6,682	9.5%	13,754
Backlog					35,920	35,883	-0.1%	35,516
Revenues		3,287	3,555	8.2%	5,878	6,345	7.9%	13,410
EBITA		251	305	21.5%	292	400	37.0%	938
	<i>RoS</i>	7.6%	8.6%	1.0 p.p.	5.0%	6.3%	1.3 p.p.	7%
EBIT		197	272	38.1%	227	347	52.9%	517
	<i>EBIT Margin</i>	6.0%	7.7%	1.7%	3.9%	5.5%	1.6 p.p.	3.9%
Net result before extraordinary transactions		118	179	51.7%	59	177	200.0%	241
Net result		119	179	50.4%	60	177	195.0%	243
EPS (€ cents)		0.206	0.309	50.0%	0.103	0.306	197.1%	0.419
FOCF		-294	42	114.3%	-1,889	-1,380	26.9%	40
Group Net Debt					5,074	4,613	-9.1%	3,318
Headcount					49,733	49,980	0.5%	49,882

Free Operating Cash-Flow (FOCF): is the sum of the cash flows generated by (used in) operating activities (which includes interests and income taxes paid) and the cash flows generated by (used in) ordinary investment activity (property, plant and equipment and intangible assets) and dividends received



Balanced debt maturity profile

No refinancing needs until 2022



CREDIT RATING

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



Covenant

	FY2020A Post IFRS 16
EBITDA*	€ 1,378 mln
Net Interest	€ 168 mln
EBITDA / Net Interest	8.2
THRESHOLD	> 3.25

	FY2020A Post IFRS 16
Group Net Debt	€ 3,318 mln
Leasing (IFRS 16)	- € 555 mln
Financial Debt to MBDA	- € 663 mln
Group Net Debt for Covenant	€ 2,100 mln
EBITDA*	€ 1,378 mln
Group Net Debt / EBITDA	1.5
THRESHOLD	< 3.75

* EBITDA net of depreciation of rights of use

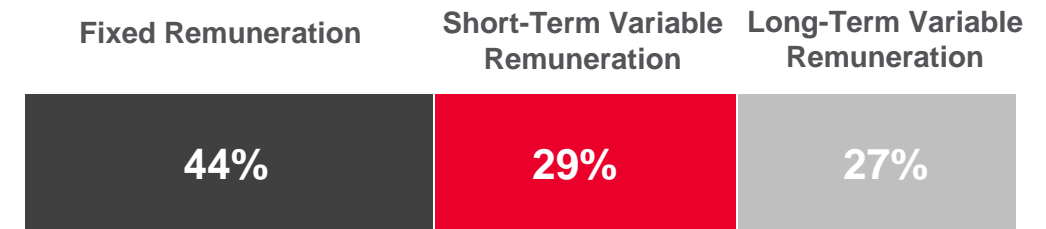


Remuneration Policy

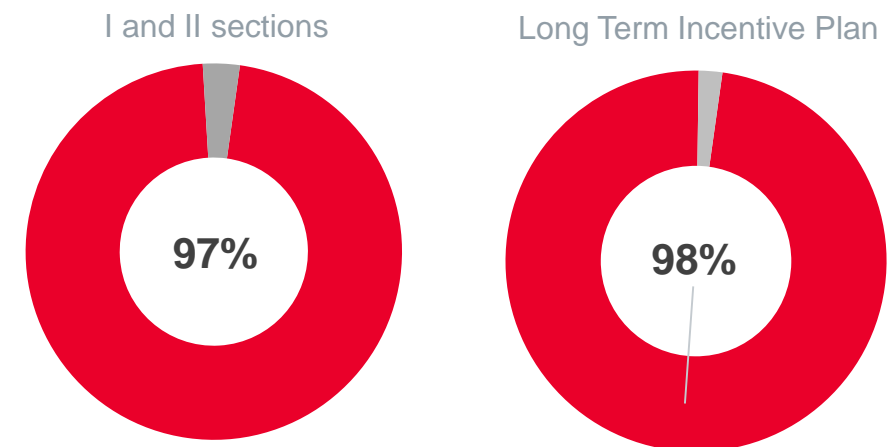
aligned with shareholders interests, business strategy and ESG criteria

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

CEO Remuneration components



Voting in favor of Remuneration Report 2021





CEO short term variable remuneration (MBO)

	Type of objective	KPIs	Weight	Functioning mechanism	Target / Guidance	
Performance Gate	Economic and Financials	Group EBITA	30%	On / off	1,075 € mil. – 1,125 € mil.	<p>If one or both of the following thresholds are not achieved:</p> <ul style="list-style-type: none"> • Group EBITA: 85% of Budget • Group FOCF: 100% of Budget <p>the bonus related to both KPIs is set to zero.</p>
		Group Free Operating Cash Flow (FOCF)	30%	Range Payout: 100%-120%	ca. 100 € mil.	
	Strategic	Aerostructure Division Restructuring Plan	15%	On / off	Business Plan	
		Book to Bill	15%	On / off	≥ 1	
	Sustainability	Inclusion in Dow Jones Sustainability Indices	5%	On / off	Inclusion of Leonardo	
		Reduction in average accident frequency rate	5%	On / off	$I_f \leq 0,78$	

MBO Beneficiaries (Chief Executive Officer and Top Management) all have 10% ESG-linked metrics.



Long Term Incentive Plan (LTIP)

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

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



SAFE HARBOR STATEMENT

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

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

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

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



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In Collaboration with RobecoSAM

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