

Leonardo is growing in the USA with the acquisition of Daylight Solutions

- Acquisition is a significant step forward in achieving the objectives of growth and development of the Industrial Plan 2017-2021
- Acquisition – through Leonardo DRS – extends leadership in infrared technology and supply of dual-use integrated solutions for civil and military customers

Rome, 7 March 2017 – Leonardo, through the US subsidiary Leonardo DRS, has signed a definitive agreement to purchase Daylight Solutions, Inc., a leading developer and supplier of quantum cascade laser products and technology.

Mauro Moretti Leonardo CEO and General Manager declared: *“Acquisition of Daylight Solutions is a first significant step forward towards the objectives of growth and development of the Industrial Plan 2017-2021. This acquisition will allow Leonardo DRS to extend the range of advanced solutions to civil and military customers around the world, integrating the Daylight Solutions laser technology in the core business of electro-optical and infrared sensors and systems.”*

Both Leonardo DRS and Daylight Solutions are leaders in infrared research and product development. The integration of laser and sensor systems developed by the two companies can be used in a variety of dual-use applications, including aircraft survivability products and medical and industrial applications, including imaging for cancer diagnostics and chemical detection.

Bill Lynn, CEO of Leonardo DRS said: *“With this acquisition, Leonardo DRS reinforces its commitment to remain at the forefront of infrared technology to not only protect our men and women in uniform but also to perform critical tasks across a range of industries, including medical and industrial applications.”*

Daylight Solutions is expected to grow significantly in the coming years, thanks to the rollout of new U.S. military aircraft survivability systems, where Daylight Solutions has secured significant roles. Daylight’s Scientific Instrumentation business segment is at the forefront of introducing new diagnostic and analytical tools for medical research and treatment, which build on the commercial utilization of its core quantum cascade laser products. Leonardo DRS will pay US\$150 million for 100% of the equity of Daylight Solutions, valuing the company at approximately 9x EV/EBITDA 2017E. The purchase price includes an earn-out, to be released to Daylight Solutions shareholders upon achievement of certain financial and operating targets for the year 2017.

Following the closing of the transaction, Daylight Solutions will be one of eight Leonardo DRS lines of business. Both Daylight Solutions co-founders, Timothy Day and Paul Larson, will remain with Leonardo DRS.

“The mission of Daylight Solutions, ‘To Protect with Light,’ will be more fully realized with the combined strength of the people and resources of Leonardo DRS and will enhance our proven ability to transition technology into compelling products for a range of customers and industries. We remain committed to continuing the growth of both our Defense and Instrumentation business for a range of customers and industries,” Day said.

The acquisition is subject to a number of closing conditions, including approval of the stockholders of Daylight Solutions and the receipt of regulatory approvals, including review by U.S. antitrust authorities and the Committee on Foreign Investment in the United States.