

Leonardo launches LEAP2020 programme to optimise its supply chain

- **The LEAP2020 programme (Leonardo Empowering Advanced Partnership 2020) is a new model for Leonardo’s supply-chain which will drive growth in the Aerospace, Defence and Security sector. Visible results in scale and quality are expected in the short and long term**
- **Profumo: “LEAP2020, one of the strategic drivers of our Industrial Plan, is an innovative approach to supply chain management, creating a virtuous circle that will strengthen both Leonardo and the industrial structure of the country system”**
- **In its initial phase, the programme will focus on strategic suppliers, those which the Company spends around 1 billion Euros with**

Rome, 25 July 2018 – Leonardo has launched the LEAP2020 (*Leonardo Empowering Advanced Partnerships 2020*) programme, an initiative outlined in the Company’s 2018-2022 Industrial Plan which will create a new model for the relationship between Leonardo and its suppliers. The project’s aim is to drive the growth of Leonardo’s supply chain in terms of both scale and quality, starting with the Company’s Italian supply chain but extending internationally. Named to evoke the concepts of momentum and progress, LEAP2020 will see Leonardo and its suppliers sharing future challenges and opportunities, enabling Leonardo to improve its performance in areas such as quality and on-time delivery.

“The LEAP2020 programme, one of the initiatives in our 2018-2022 Industrial Plan, is an innovative approach to supplier management” said Alessandro Profumo, CEO of Leonardo, adding “It will create a virtuous circle that will strengthen the Company and, more broadly, the industry as part of country system as well as presenting more consolidation opportunities in the sector. The project is based on an open platform that, starting with one-to-one relationships with each supplier, will lead to real, mutually beneficial partnerships”.

In its initial phase, LEAP2020 will focus on suppliers which are considered of strategic importance to Leonardo, those that the Company spends around 1 billion Euros with and which supply to multiple Leonardo divisions. The programme defines a model for the selection of a new “growth partner” based on an independent assessment of a supplier in terms of capability, competitiveness, transparency, traceability and sustainability. Clusters of similar suppliers will be created (from peers to “national and international champions”) and for each cluster Leonardo will establish an approach tailored to drive their

growth in size and levels of quality. Leonardo is looking to grow alongside suppliers which offer high levels of technology and capabilities, offering support, closer integration and new business opportunities.

The LEAP2020 programme will generate benefits in the short term, with larger gains, in some cases in the region of 20% improvements in deliveries and quality, expected in 2020. The programme will help meet the objectives of Leonardo's Industrial Plan which credibly foresees medium to long-term growth with a strong focus on execution.

Wider benefits of the programme will include more solid and sustainable relationships between Leonardo and its best-performing partners, a strengthening of the supplier base in identified high-impact categories, and a level of promotion for the companies who play a part in Leonardo's productive eco-system. The long-term partnerships will also benefit from capacity-building initiatives aimed at transferring technical and management skills and improving supplier's business relations with the sector's main international players.

Overall, LEAP2020 is a win-win approach that offers meaningful opportunities for both Leonardo and its suppliers. Leonardo will be able to improve the sustainability, performance and capability of its business, allowing it to more effectively meet the requirements of its customers, achieve important cost savings and streamline its purchasing activity. On the supplier's side, the "country system" will benefit from better-performing and more innovative companies with a stable investment horizon, better able to compete in the global marketplace.