



ODDO BHF FORUM Leonardo Presentation

Valeria Ricciotti, Head of Investor Relations & Credit Rating Agencies

—
Rome, 11th January 2022





Agenda

> **Key messages**

Alessandro Profumo, *Chief Executive Officer*

> 3Q/9M2021 Results

Alessandra Genco, *Chief Financial Officer*

> Update on Aerostructures

Lucio Valerio Cioffi, *General Manager*

> Sector Results

> Appendix



Key messages

- Solid nine-month results with strong and resilient military-governmental business, 87% of Group revenues
 - Solid Top Line growth (Orders +9%, Revenues + 6%)
- Results above 2019 levels on military-governmental
- Some positive signs in challenging civil aeronautics
- On track to deliver targets: FY21 Guidance confirmed
- Strong commitment to ESG with important achievements: first ESG-linked RCF signed in October and Leonardo appointed as Global Compact Lead for the second year in a row
- Strong foundations and core fundamentals giving confidence in medium-long term

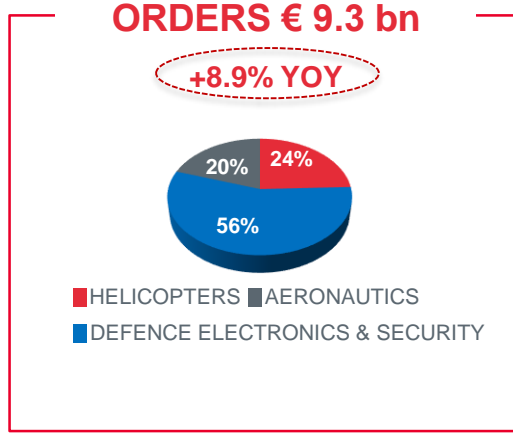
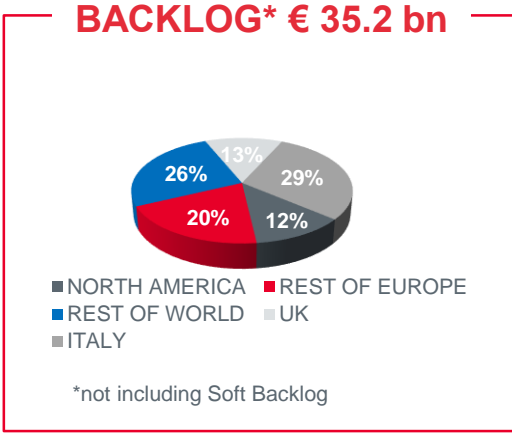


Solid 9M results and on track, above 2019 in military-governmental

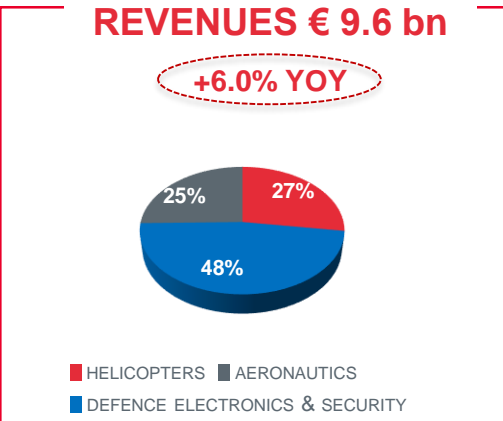
Progressing well with our Plan: 2021 Guidance confirmed

CONTINUED STRONG COMMERCIAL PERFORMANCE AND SOLID BACKLOG PROVIDING LONG TERM VISIBILITY

- Strong and resilient military/governmental
- Book to Bill ca. 1



SOLID RESULTS CONFIRMING OUR GROWTH PATH. POSITIVE SIGNS IN CIVIL



- EBITA € 607 mln**
- +22.1% YOY**
- Driven by volume increase and lower impact from COVID
 - Improved performance across the Group
 - Aerostructures in line with expectations

- ROS 6.3%**
- +0.8 p.p.**
- ROS without pass-through at 7.3% (vs 6.2% in 9M20)
 - ROIC at 8.5% (vs 7.0% in 9M20)

- Improving and more linear cash flow profile in 9M21, at -€1.4bn, and on track to achieve FY2021 Guidance
- Strong liquidity and financial flexibility
- Net Debt 2021 Guidance confirmed at €3.2bn



Signed the first ESG-linked financial instrument

**NEW REVOLVING CREDIT FACILITY
SIGNED IN OCTOBER 2021, THE FIRST
TO BE ESG-LINKED**

- € 2.4 bn credit line, composed of two tranches
- Maturity until 2026
- Oversubscribed for € 4.4 bn

LINKED TO SPECIFIC ESG INDICATORS

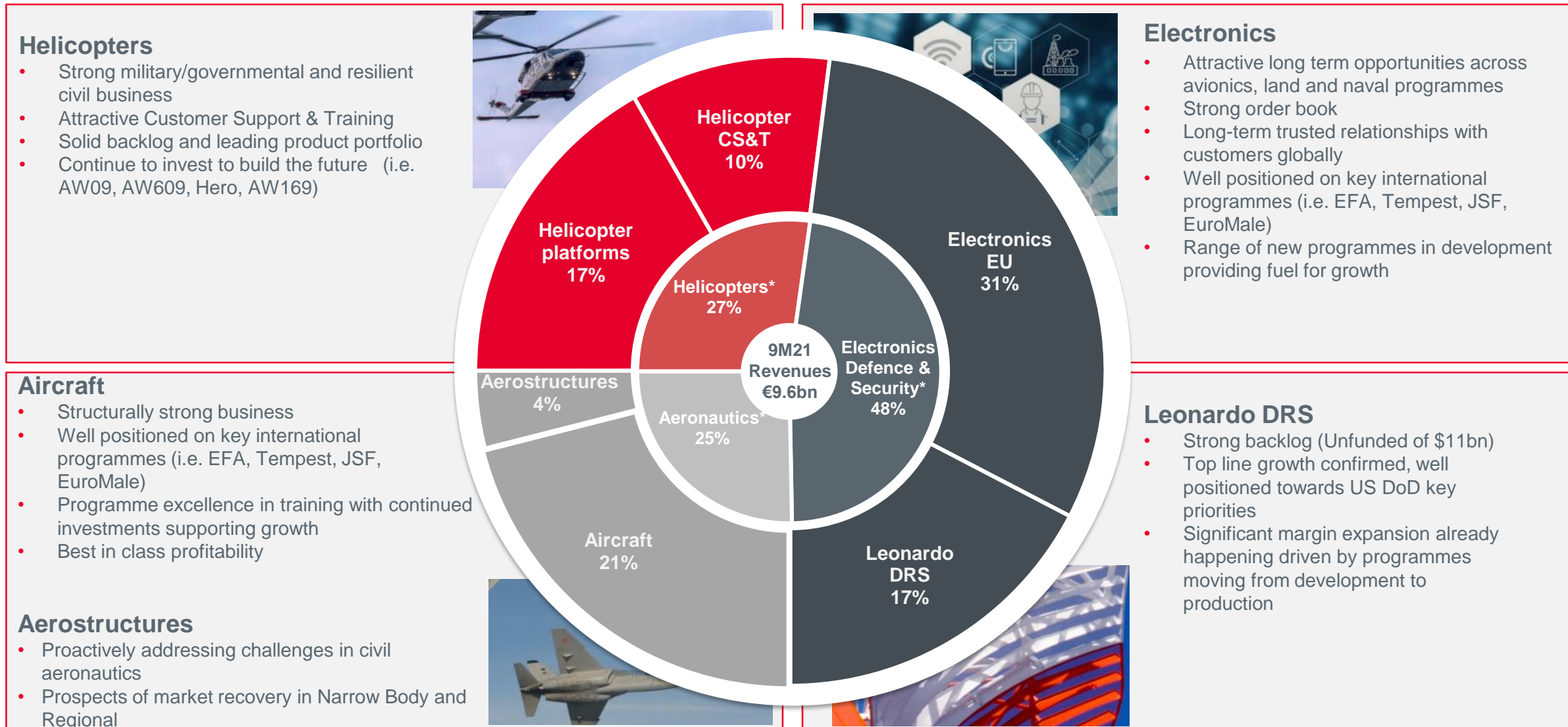
- Including
 - Reduction of CO₂ emissions
 - Promotion of employment of women with degrees in STEM disciplines

**IN LINE WITH LEONARDO'S
SUSTAINABILITY STRATEGY, AT THE
BASIS OF THE INDUSTRIAL PLAN**

- Further milestone in Leonardo's commitment to sustainability and in the Group's disciplined financial strategy



Strong confidence in medium/long term potential of our main businesses



Helicopters

- Strong military/governmental and resilient civil business
- Attractive Customer Support & Training
- Solid backlog and leading product portfolio
- Continue to invest to build the future (i.e. AW09, AW609, Hero, AW169)



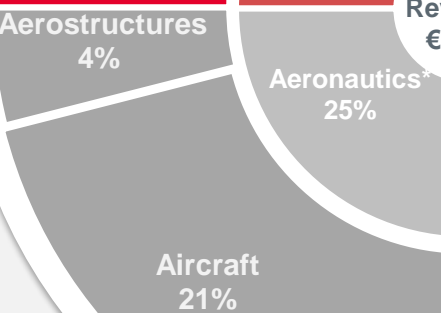
Electronics

- Attractive long term opportunities across avionics, land and naval programmes
- Strong order book
- Long-term trusted relationships with customers globally
- Well positioned on key international programmes (i.e. EFA, Tempest, JSF, EuroMale)
- 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
- Significant margin expansion already happening 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



Aerostructures update

- Before COVID outbreak we were ahead of schedule in restructuring the business
 - EBITA breakeven expected in 2021/2022 and FOCF in 2022/2023
- Pandemic materially affected air traffic, airlines and aircraft manufacturers
- Positive signs of early recovery in specific segments already visible
- ATR, Airbus and other programmes improving, while B787 still challenging. Effects reflected into our Plan
- Actions taken to improve industrial efficiency and flexibility
 - to mitigate/reduce losses in the short-term
 - to secure Aerostructures' longer-term future
- 2021 confirmed to be the bottom year
- Current scenario leading to breakeven at the end of 2025

Doing all we can



Agenda

- > Key messages *Alessandro Profumo, Chief Executive Officer*
- > **3Q/9M2021 Results** ***Alessandra Genco, Chief Financial Officer***
- > Update on Aerostructures *Lucio Valerio Cioffi, General Manager*
- > Sector Results
- > Appendix



9M 2021 Highlights

Solid first nine months on track to achieve FY 2021 guidance

- **Continued strong demand for our products supports growing top line**
 - Backlog at € 35.2 bn, book to bill ca. 1
 - Order intake of € 9.3 bn, up 8.9% YoY
 - Revenues at € 9.6 bn, up 6.0% YoY
- **Strengthening performance in all businesses; Aerostructures in line with expectations**
 - EBITA at € 607 mln, up 22.1% YoY
- **Improved and more linear cash flow profile. On track to achieve FY2021 Guidance**
 - FOCF at € -1.4 bn significantly improved vs 9M2020
- **Strong liquidity position confirmed; first ESG-linked RCF signed**
- **FY2021 Guidance confirmed**



Order Intake

Continued strong commercial activity

	€ mln	Δ % YoY	
9M2020A	8,510		
HELICOPTERS	2,391	-24.2%	Large IMOS contract booked in 9M20. Postponement of some orders to 4Q21. In 9M2021 Orders for 36 TH-73A (AW119) for the US Navy, follow-on tranche of NEES for Italian Army, 9 AW139 for Saudi Royal Court, 8 AW139 for Italian Guardia di Finanza
ELECTRONICS EUROPE	3,861	71.9%	EFA Germany and equipment for two U212 Near Future Submarines (NFS). In Cyber, SICOTE (Territory Control System) phase 4
LEONARDO DRS	1,603	-29.1%	Large Night Vision contract in 9M2020. In 9M2021 Mounted Family of Computer Systems (MFoCS) for US Army, IM-SHORAD (Initial-Maneuver-Short Range Air Defense)
AIRCRAFT	1,643	112.8%	Finalisation of major export contracts for M-346
AEROSTRUCTURES	299	-33.4%	Lower OEM demand
ELIMINATIONS & OTHER	-531		
9M2021A*	9,266	8.9%	

* Including ca. € 102 mln of negative forex



Revenues

Strong top line performance across the Group

	€ mln	Δ % YoY	
9M2020A	9,025		
HELICOPTERS	2,719	2.9%	Ramp-up in military/governmental (NH90 Qatar and TH-73A US Navy); AW189/AW149
ELECTRONICS EUROPE	3,023	10.7%	Growth across businesses impacted in 2020 by COVID 19 restrictions
LEONARDO DRS	1,720	0.1%	+6.5% in USD, confirming growing path – adverse FX effect
AIRCRAFT	2,121	24.5%	Increase driven by M-346 trainers and EFA Kuwait
AEROSTRUCTURES	405	-35.7%	B787 and ATR production slowdown as expected
ELIMINATIONS & OTHER	-424		
9M2021A*	9,564	6.0%	

* Including ca. € 98 mln of negative forex



EBITA and Profitability

Strengthening performance as we increase volumes and reduce COVID impact

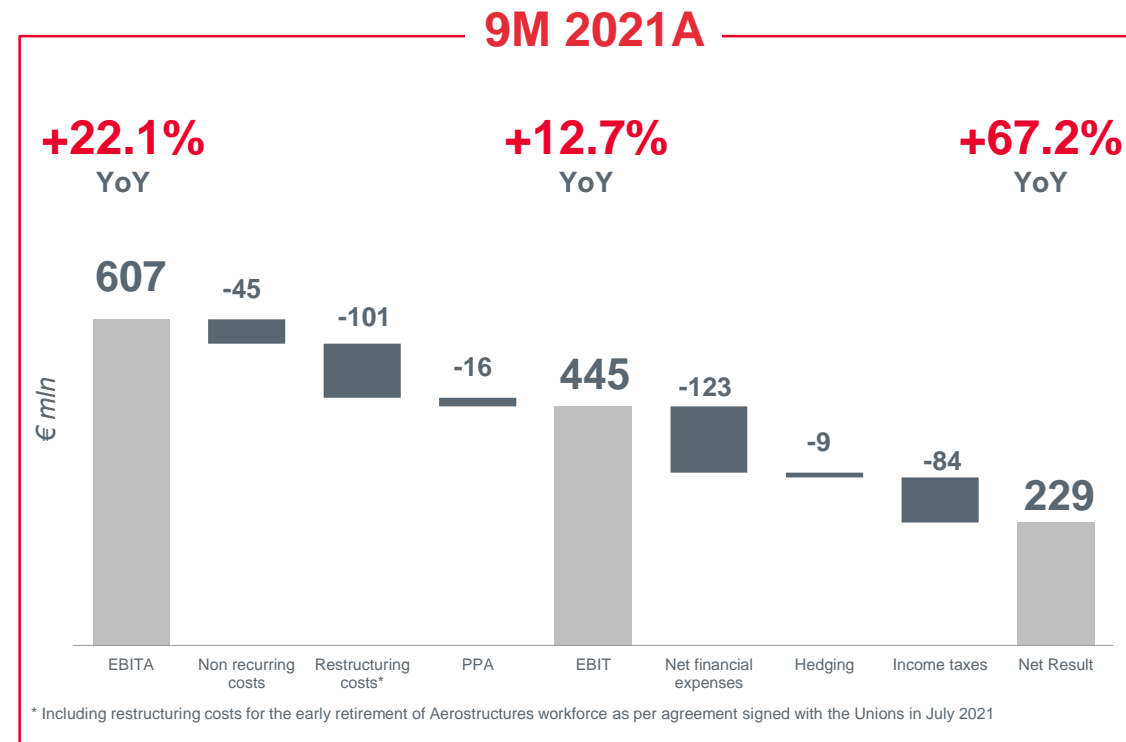
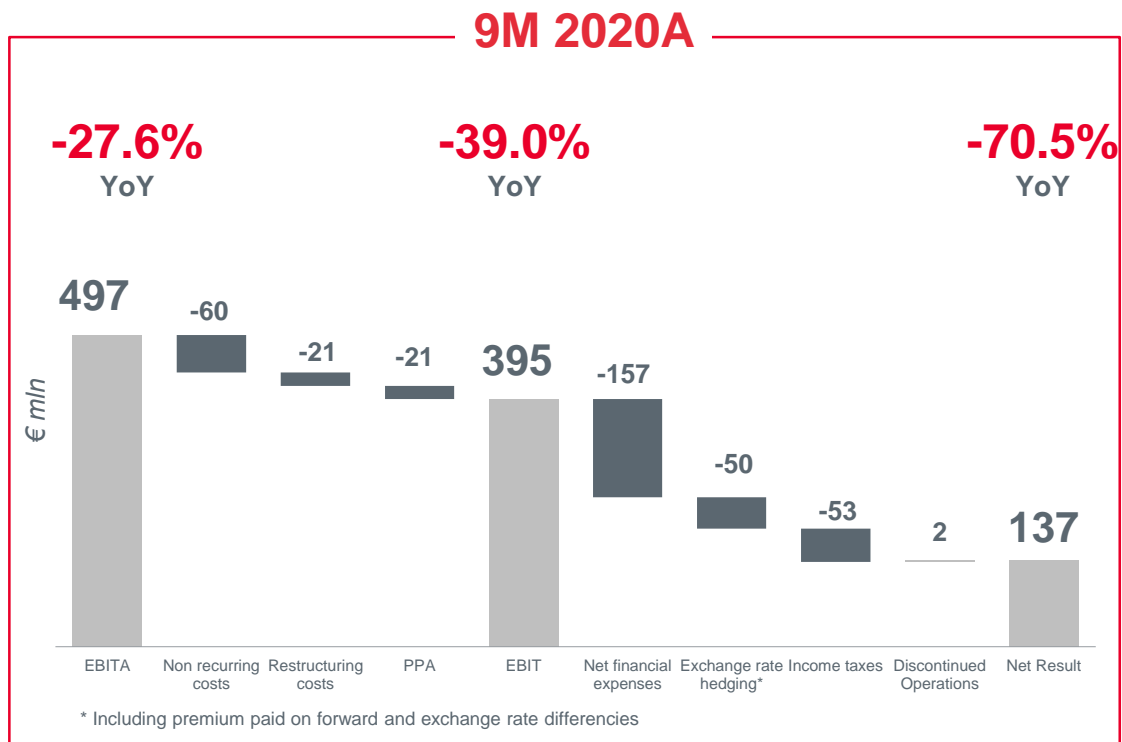
	€ mln	RoS	Δ % YoY	
9M2020A	497	5.5%		
HELICOPTERS	223	8.2%	1.8%	Stable performance
ELECTRONICS EUROPE	281	9.3%	30.1%	Higher volumes and profitability, impacted in 2020 by COVID 19 restrictions
LEONARDO DRS	144	8.4%	42.6%	Confirmed margin expansion driven by the transition of some development programmes into production
AIRCRAFT	241	11.4%	18.1%	Growing volume and strong programme execution
AEROSTRUCTURES	-125	-30.9%	-166.0%	Lower volumes and lower assets utilisation
ATR	-25		59.7%	Higher deliveries (16 in 9M21 vs 1 in 9M20) and benefitting from cost reduction actions
SPACE	37		n.a.	Higher volumes and improved profitability in Manufacturing, good performance in Services confirmed. One-off tax benefit
CORPORATE & OTHER	-169			
9M2021A*	607	6.3%	22.1%	

* Including ca. € 4 mln of negative forex



From EBITA to Net Result

Net Result benefitting from EBITA increase



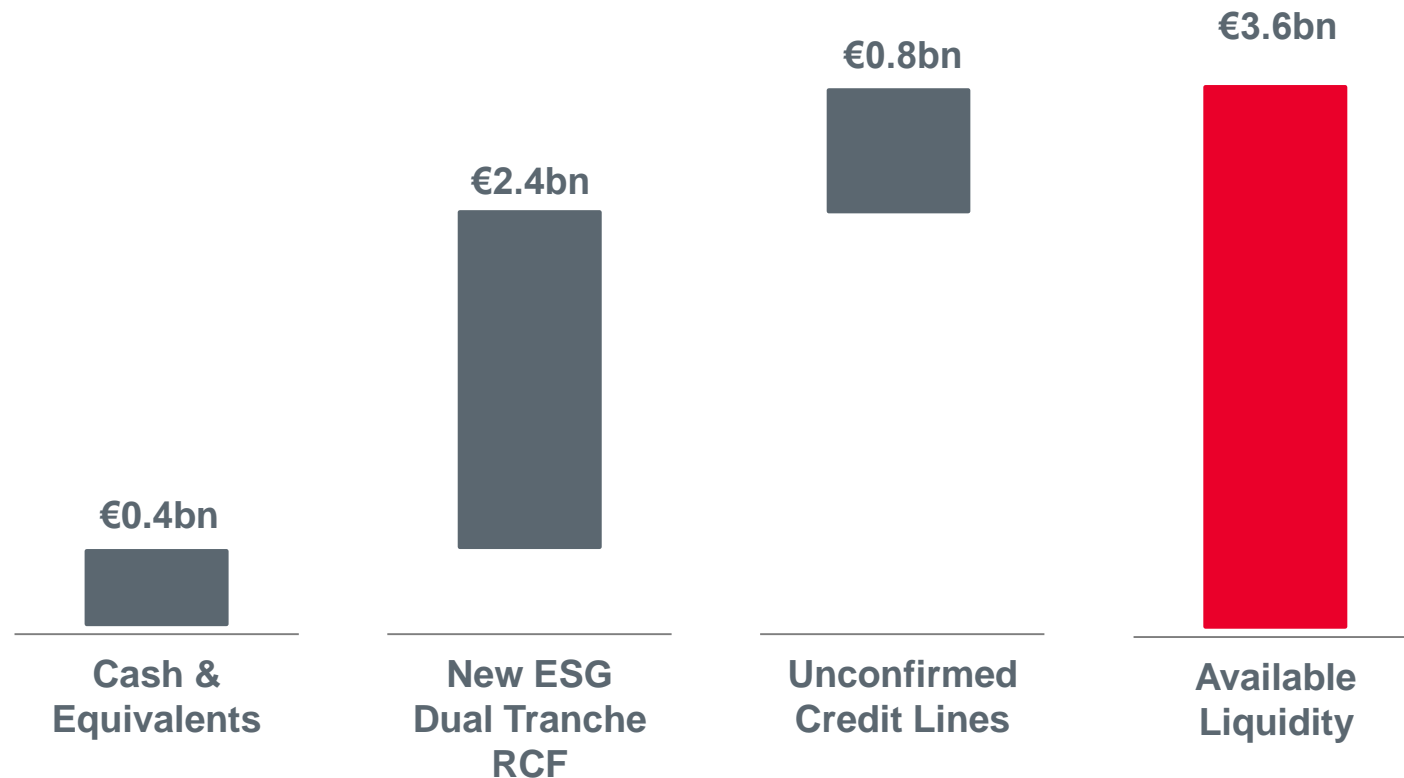
- EBIT up 13% due to EBITA increase offset by COVID 19 related costs and restructuring costs for the early retirement of Aerostructures workforce (€90m) as per agreement signed with the Unions in July 2021
- Net Result mainly benefitting from EBITA increase, with lower impact from FX hedging activity and lower financial expenses

- Improving and more linear cash flow profile in 9M21, at -€1.4bn, and on track to achieve FY2021 Guidance



Strong liquidity position at € 3.6bn

- Cash availability and credit facilities pro forma post signing new RCF ensure Group's liquidity of € 3.6 bn
 - Cash & equivalents equal to € 0.4 bn
 - Confirmed credit lines equal to € 2.4 bn
 - Unconfirmed credit lines equal to € 0.8 bn



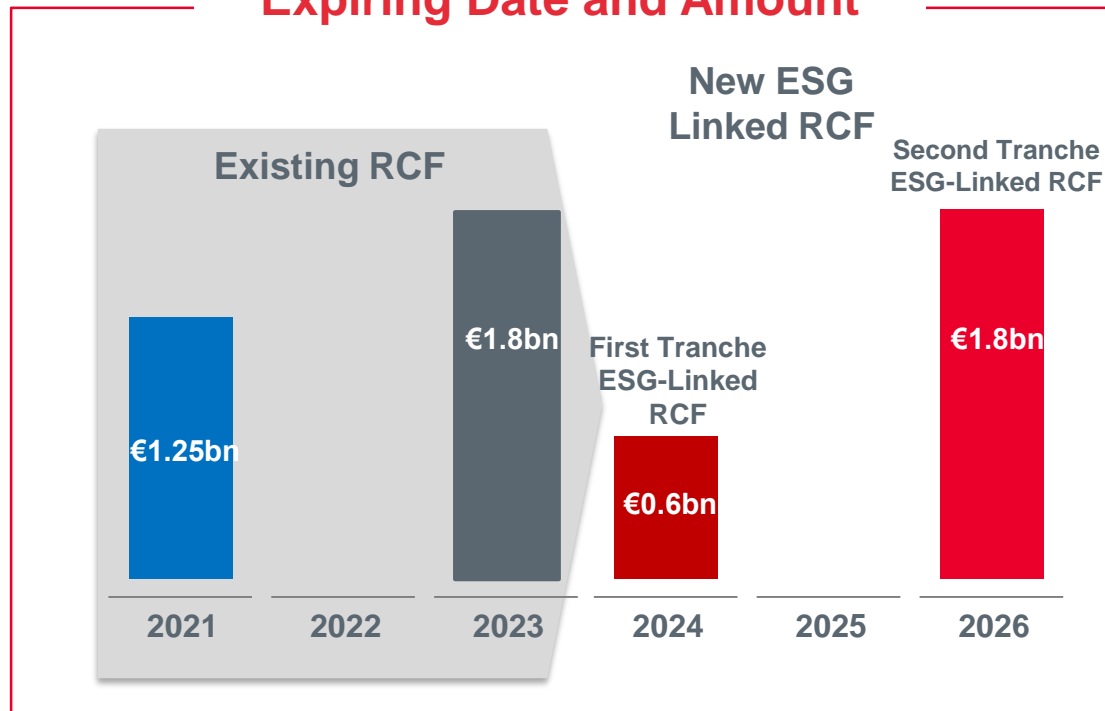


First Leonardo ESG-linked Revolving Credit Facility

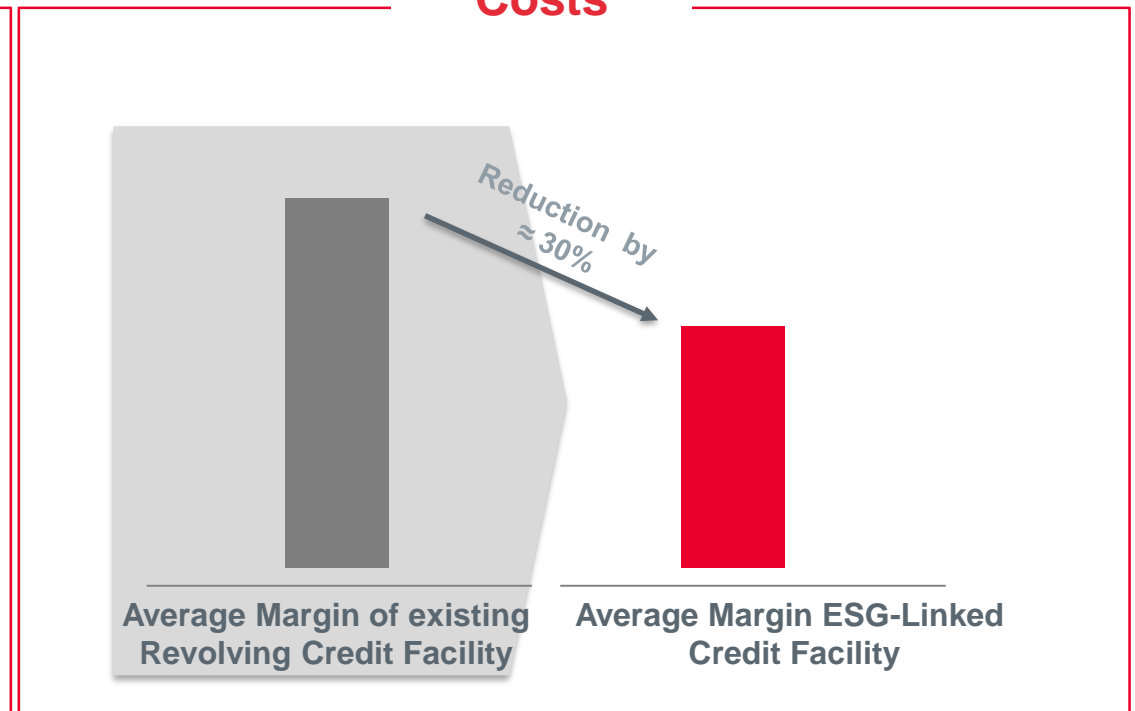
Extending maturity to 2026 - Size fitting business needs - Lowering financial cost

- Further step in integrating economic and financial data and ESG targets
- Margins reduced compared to previous credit lines
- Margin adjustment mechanism linked to ESG KPI achievements

Expiring Date and Amount



Costs





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
- 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 effects in 9M21



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Positioning for the future: addressing post Covid challenges in civil Aeronautics

- Progress and improving outlook in a number of areas
 - Clear action plan to address issues and improve industrial efficiency and flexibility
 - ATR recovering faster than expected
 - Airbus activity growing and ramping up
 - Other programmes robust and resilient
- B787 still challenging; effects reflected into our Plan



ATR: Reinforcing leadership in regional market

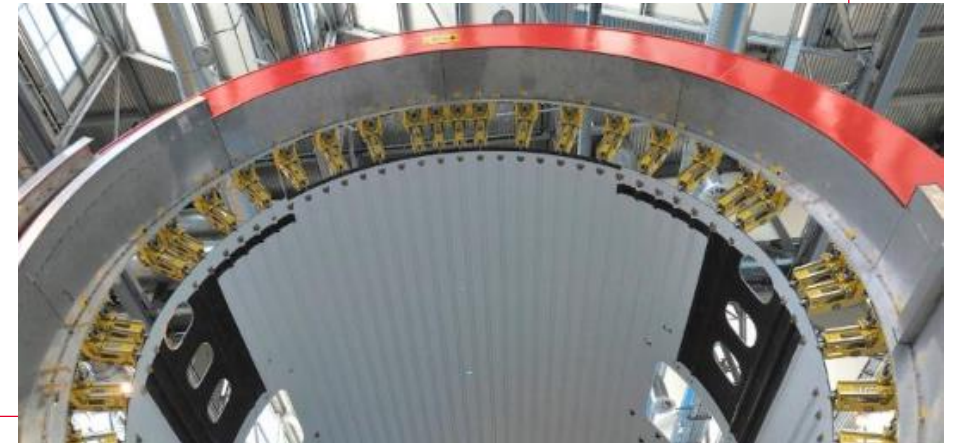
- Leader in regional market
- Environmentally friendly platform
 - Investing in SAF
- Turboprop market to recover earlier vs entire civil aeronautics
 - 2020 bottom year (10 deliveries)
- Good market opportunities (i.e. a/c replacement)
- Industrial efficiency plan
 - Enlarging portfolio (ATR42-STOL)
 - Delivering new Cargo version





Aerostructures: Key strengths

- Leadership in Aerostructures sustained by strong engineering skills and innovation Labs across the Group
- Well positioned on some of the most important aircraft platforms
- Customer base diversification
- Technology strengths with strong expertise in large and complex carbon fiber
- Leveraging our capabilities to pursue further opportunities in adjacent markets



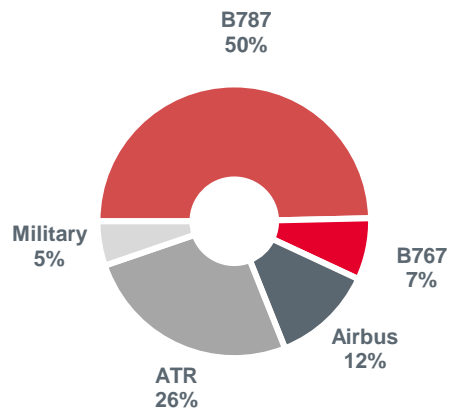


COVID has changed the revenue profile and production rate in Aerostructures

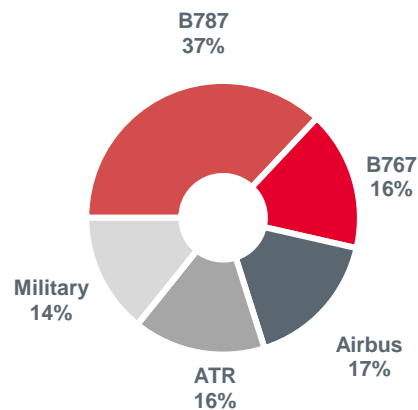
REVENUES

2019

2021E



€ 1,125 m



ca. € 550 m

PRODUCTION RATES

2019

2020

2021E

B787 FUSELAGE SECTIONS (44 and 46)

14/avg. p.m.

9/ avg. p.m.

exp.4/ avg. p.m.

ATR FUSELAGES

65 p.y.

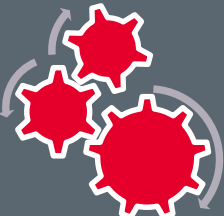
40 p.y.

ca.15 p.y.



Our path towards breakeven: key assumptions

The recovery path has already started and is based on the following

ATR	Production rate expected to increase starting from 2022, with material ramp up from 2023, expanding product family (Cargo and 42 STOL)
AIRBUS	A220 and A321 production rates already increasing above pre-Covid levels starting from next year. A220 profitable from 2H2023
MILITARY	Robust military contribution
OTHER PROGRAMMES	New programmes (i.e EuroMale) and additional work packages both in civil and military
B787	B787 breakeven from fuselage delivery no. "1,406" thanks to expected rate profile and pricing per contract
ACTION PLAN 	Improving industrial efficiency and flexibility, while creating diversification

**AEROSTRUCTURES
BREAKEVEN**

**EXPECTED AT THE
END OF 2025**



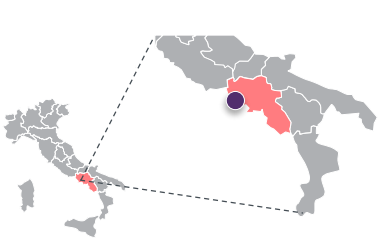
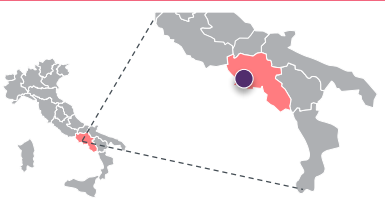
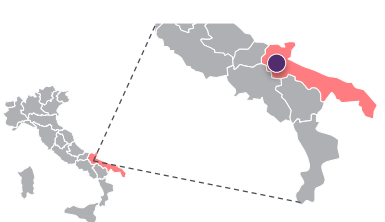
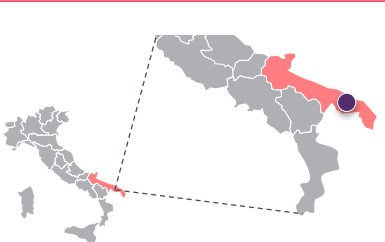
Aerostructures: Taking action to address issues

Industrial efficiency and flexibility plan launched to counteract COVID impacts and ensure future sustainability

FOCUS	ACTIONS	RESULTS
Cost Reduction	<ul style="list-style-type: none"> • Headcount reduction involving 1,000 out of 4,500 people <ul style="list-style-type: none"> • ca 500 early retirement • ca.500 up-skilling/re-skilling and relocation across the Group • Adoption of the LPS (Leonardo Production System), digitalisation for all sites inspired by world class manufacturing • Energy savings with green energy • Additional actions, including furlough 	<ul style="list-style-type: none"> • Agreement signed with Unions for early retirement, up-skilling/re-skilling programmes and relocation • Further increases in industrial cost reduction by 5%/6% per annum from 2022
Innovation and Industrial Transformation	<ul style="list-style-type: none"> • Reindustrialisation of ATR programme and modernisation of production lines in Pomigliano (25%-30% hours saved per fuselage) • Automatic assembly for specific manufacturing activities • Acquisition of additional work packages on other programmes • More flexible industrial footprint • Paperless manufacturing process (i.e assembly cycles, process instructions, control plans) 	<ul style="list-style-type: none"> • Work in progress at different stages • Paperless manufacturing process to be accomplished by the end of 2021
Flexibility	<ul style="list-style-type: none"> • Allocation of new EuroMale wing production and subassembly • Additional work packages from existing and new customers • Leverage technologies and skills to address opportunities (i.e. military and space) • New up-skilling/re-skilling programmes for 3,000 people 	<ul style="list-style-type: none"> • EuroMale contract expected by year end • Bidding phase of additional work packages in progress • First phase of up-skilling/re-skilling completed



Specialised production resulting in more robust and sustainable performance

SITE	LOCATION	MISSION	STATUS/EVOLUTION
POMIGLIANO		<ul style="list-style-type: none"> Center of excellence for <ul style="list-style-type: none"> assembly of fuselages in light alloy for regional and narrowbody frame production in carbon fiber Design, Static and Fatigue tests Labs, Research Labs in Aeronautics 	<ul style="list-style-type: none"> Top ranked Aerostructures site, with extended use of applications of smart factories methodology and Industry 4.0 to be fully competitive in the relaunch of civil programmes
NOLA		<ul style="list-style-type: none"> Mechanical sheet in light alloy, panels and fuselage sections with automatic or semi-automatic technologies 	<ul style="list-style-type: none"> Recognised Center of Excellence No further investments other than to maintain state of the art technologies on site High level of flexibility thanks to multi-programme portfolio (military/civil)
FOGGIA		<ul style="list-style-type: none"> Center of excellence for the manufacture and assembly of tail and control surfaces in composite material with newly introduced automatic technologies 	<ul style="list-style-type: none"> Investments to increase efficiency from 2023 almost completed To become an advanced center of tail assembly, flexible and suitable for many programmes High level of flexibility thanks to multi-programme portfolio (military/civil)
GROTTAGLIE		<ul style="list-style-type: none"> Designed solely for manufacturing and assembly of B787 sections (44 and 46) with One Piece Barrel technology 	<ul style="list-style-type: none"> Center of excellence for carbon fiber large sections/components Aiming at diversifying production through additional programmes and new customers



Summary

- We have taken actions to address challenges: clear action plan in place with results already visible in 2021
- The outlook is improving in ATR, Airbus and military activities
 - ATR: leading platform in its segment, expanding product family to capture new markets (e.g. cargo, 42 STOL), recognised as a green platform (-40% fuel consumption vs peers)
 - Airbus: significant ramp up in production (smart factories) with efficient cost per unit, relying on higher production rates
 - Military activities: addressing opportunities and relying on strong engineering skills and innovation Labs across the entire Group
- We also expect B787 production to improve, although at a slow rate in the short-term, representing a significant long term opportunity once recovery gains speed, as a key platform in long-haul market, with low operating costs
- Our recovery path has started and we now see the worst behind us

Q&A



SECTOR RESULTS





Helicopters

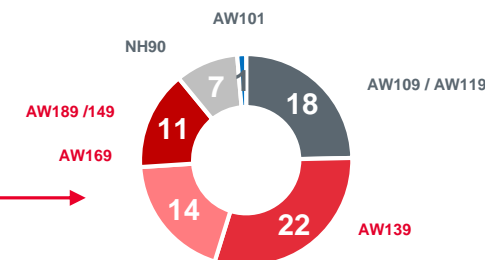
	3Q 2020	3Q 2021	% Change	9M2020	9M2021	% Change	FY 2020
€ mln							
Orders	628	382	-39.2%	3,154	2,391	-24.2%	4,494
Revenues	949	829	-12.6%	2,642	2,719	+2.9%	3,972
EBITA	80	75	-6.3%	219	223	+1.8%	383
RoS	+8.4%	+9.0%		+8.3%	+8.2%		9.6%

REVENUES BY CUSTOMER / SEGMENT

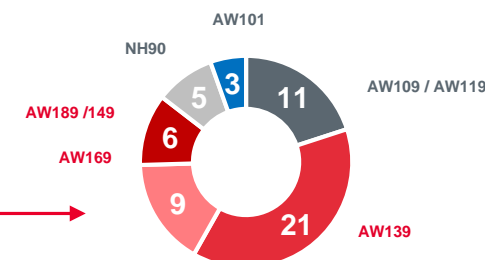


DELIVERIES BY PROGRAMME

9M2021 = 73 new units



9M2020 = 55 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

	3Q 2020	3Q 2021	% Change	9M2020	9M2021	% Change	FY 2020
€ mln							
Orders	827	1,428	+72.7%	2,246	3,861	+71.9%	4,710
Revenues	919	931	+1.3%	2,731	3,023	+10.7%	4,147
EBITA	114	80	-29.5%	216	281	+30.1%	360
RoS	+12.4%	+8.6%		+7.9%	+9.3%		+8.7%

LEONARDO DRS

	3Q 2020	3Q 2021	% Change	9M2020	9M2021	% Change	FY 2020
\$ mln							
Orders	951	484	-49.1%	2,543	1,919	-24.5%	3,055
Revenues	713	719	+1.0%	1,932	2,059	+6.6%	2,757
EBITA	43	57	+32.8%	114	173	+51.8%	203
RoS	+6.1%	+8.0%		+5.9%	+8.4%		7.3%

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

Avg. exchange rate €/€ @ 1.1241 in 9M2020

Avg. exchange rate €/€ @ 1.1967 in 9M2021



Aeronautics

AIRCRAFT

	3Q 2020	3Q 2021	% Change	9M2020	9M2021	% Change	FY 2020
€ mln							
Orders	103	408	+296.1%	772	1,643	112.8%	2,031
Revenues	630	887	+40.8%	1,704	2,121	24.5%	2,634
EBITA	82	91	+11.0%	204	241	18.1%	355
RoS	+13.0%	+10.3%		+12.0%	+11.4%		13.5%

AEROSTRUCTURES

	3Q 2020	3Q 2021	% Change	9M2020	9M2021	% Change	FY 2020
€ mln							
Orders	105	166	+58.0%	449	299	-33.4%	581
Revenues	157	100	-36.3%	630	405	-35.7%	819
EBITA	-35	-43	-22.9%	-47	-125	-168.1%	(86)
RoS	-22.2%	-43.0%		-7.4%	-30.9%		(10.5%)

ATR

	3Q 2020	3Q 2021	% Change	9M2020	9M2021	% Change	FY 2020
€ mln							
EBITA	-28	-4	+85.7%	-62	-25	59.7%	(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

	3Q 2020	3Q 2021	% Change	9M2020	9M2021	% Change	FY 2020
€ mln							
EBITA	9	14	+55.6%	-1	37	n.a.	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





3Q/9M2021 Results

Group Performance

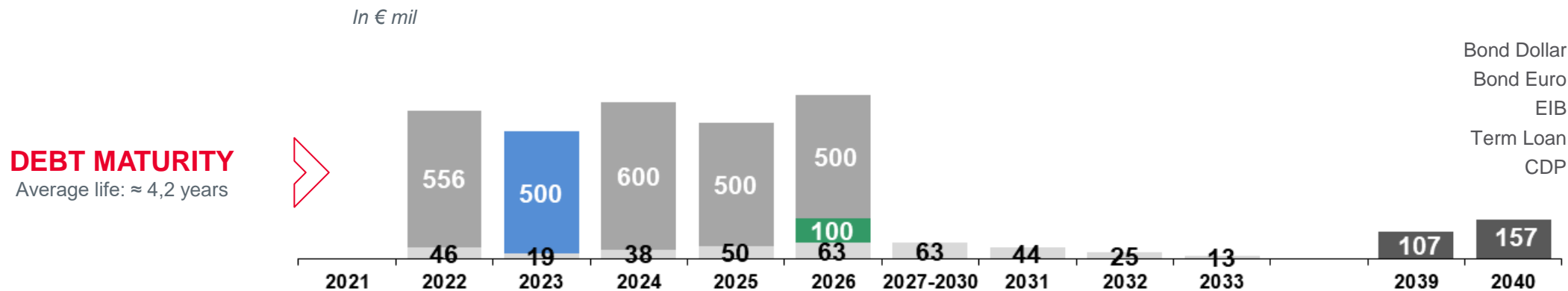
	€ mln	3Q 2020	3Q2021	% Change	9M2020	9M2021	% Change	FY 2020
New Orders		2,406	2,584	+7.4%	8,510	9,266	+8.9%	13.754
Backlog					34,980	35,235	+0.7%	35.516
Revenues		3,147	3,219	+2.3%	9,025	9,564	+6.0%	13.410
EBITA		205	207	+1.0%	497	607	+22.1%	938
	<i>RoS</i>	+6.5%	+6.4%	+0.1 p.p.	+5.5%	+6.3%	+0.8 p.p.	7%
EBIT		168	98	-41.7%	395	445	+12.7%	517
	<i>EBIT Margin</i>	+5.3%	+3.0%	+2.3 p.p.	+4.4%	+4.7%	+0.3 p.p.	3.9%
Net result before extraordinary transactions		76	52	-31.6%	135	229	+69.6%	241
Net result		77	52	-32.5%	137	229	+67.2%	243
EPS (€ cents)		0.134	0.090	-32.8%	0.237	0.396	+67.1%	0.419
FOCF		-707	-7	+99%	-2,596	-1,387	+46.6%	40
Group Net Debt					5,884	4,690	-20.3%	3.318
Headcount					49,973	50,139	+0.3%	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

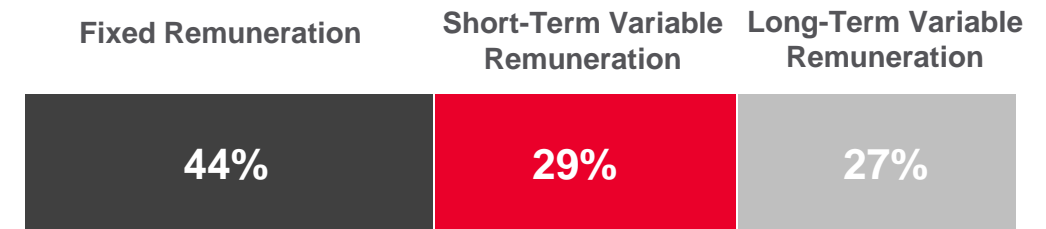


Remuneration Policy

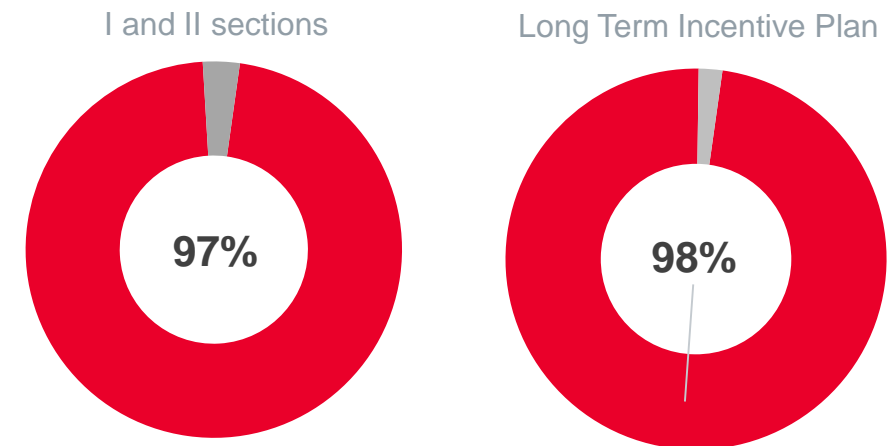
aligned with shareholders interests, business strategy and ESG criteria

- 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.
		Group Free Operating Cash Flow (FOCF)	30%	Range Payout: 100%-120%	ca. 100 € mil.
		If one or both of the following thresholds are not achieved: <ul style="list-style-type: none"> • Group EBITA: 85% of Budget • Group FOCF: 100% of Budget the bonus related to both KPIs is set to zero.			
	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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