



# 3Q/9M 2023 Results Presentation

Rome

9 November 2023



Electronics



Helicopters



Aircraft



Cyber &  
Security



Space



Unmanned  
Systems



Aerostructures

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# Agenda

- **Key messages**
- Financial review
- Q&A
- Sector results
- Appendix

*Roberto Cingolani, Chief Executive Officer*

*Alessandra Genco, Chief Financial Officer*



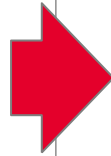
# My first 6 months as Leonardo's CEO



# Delivering against financial and strategic priorities

9M results in line with plan, solid progress across core businesses

- **SOLID PERFORMANCE ACROSS CORE BUSINESSES**
- **RECONFIRMING 2023 GUIDANCE**
- **GOOD BASE TO BUILD FOR THE FUTURE**



- Solid 3Q 2023 performance
  - Order intake of € 13.3 bn, up 14.8%\* YoY with no jumbo orders
  - Backlog at € 40.2 bn and Book-to-bill at 1.3x
  - Revenues at € 10.3 bn, up 4.8%\* YoY
  - EBITA at € 644 mln, up 6.3%\* YoY
  - RoS at 6.3%
  - Aerostructures on track with the recovery plan
  - FOCF at € -604 mln, up 33.2%\* vs 9M2022
- Committed to maintaining investment grade

\* Adjusted perimeter to exclude the contribution of Global Enterprise Solutions, sold in July 2022



# Building the Leonardo of the future

## Main results and actions undertaken



### Governance and Organization



### Geopolitical strategic positioning



### Products and technologies for the future

- Direct reports to CEO reduced from 26 to 10
- Appointed the new Chief Innovation Officer, Chief Strategy Officer, Chief Sustainability Officer and the Managing Director of Cyber Division.
- Legal and Compliance departments separated
- People Strategy focused on building a knowledge-based company attracting/retaining the best talent
- Reducing corporate cost
  
- Working for strong alliances to create European hubs in specific Defence segments
- Working for achieving the right positioning in global Atlantic and European alliances
- Working for increasing role in GCAP
- Working for a common strategy for the Space Alliance
  
- Digitalisation a key tool to connect core business and newer growth areas of Space and Cyber
- Massive digitalisation of process already underway
- Focus on Digital Continuum
  1. Conveying Leonardo Labs' disruptive technologies throughout the entire organisation and value chain to deliver the best solutions for customers
  2. 4 key pillars: AI, quantum computing, deep digital technologies and digital twin
  3. HPC as key enabler reinforcing the supercomputing capabilities
  4. Goal of digital servitization of existing and future products
- Technologies for the next generation of products and solutions (e.g. green propulsion, ....)



# The new Industrial Plan

Main strategic guidelines to reinforce our core business



## HELICOPTERS

**Global leader**

- Support legacy product families
- Next Generation Vertical Lift
- Advanced Air Mobility



## AIRCRAFT

**Key player in international cooperation programs**

- Update of proprietary products for future alliances
- Increased share in GCAP
- Key role in RPAS and UAVs



## ELECTRONICS

**European leader**

- Strengthening transversal capabilities
- Strategic consolidation in European next generation capabilities
- GCAP (sensors and mission systems)



## AEROSTRUCTURES

**Partner of key OEM**

- Return to profitability
- Acquisition of work packages with high added value



# Addressing new growth areas

## Cyber and Space as strategic priorities



### CYBER

#### National leader and European key player

- Total market value of ~€110bn
- Estimated to reach a value of ~ €240bn in the next decade

- Cyber security by design
- Service-based offering model
- Focus on strategic areas (Cybersecurity, Data Valorisation for Defence, Space and national strategic organizations)



### SPACE

#### Consolidate national leadership in EU

- Total market value of ~\$350bn (~70% services and Ground equipment)
- Estimated to reach a value of ~ \$1tn in the next decade

- Reviewing strategic partnership structure
- Focus on digital transformation, AI and servitization



# Key takeaways

- **Strong performance across the Group**
- **Taking actions to strategically position Leonardo for future growth**
- **Creating a leaner and stronger organization**
- **Leveraging innovation and competitiveness in strategic products**
- **2023 guidance reconfirmed**
- **New Industrial Plan to be presented alongside FY results in March**





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# 9M 2023 Highlights

- Continued strong demand for our products driving top line growth
- Record backlog of over € 40 bn
- Book-to-bill at 1.3x
- Solid profitability across all divisions
- Stepping up FOCF
- Confirming deleveraging path

	9M2022A	9M2022 Adj. <sup>1</sup>	9M2023	% Δ <sup>1</sup>	
<b>ORDERS</b> (€bn)	11.7	11.6	13.3	<b>+14.8%</b>	↑
<b>REVENUES</b> (€bn)	9.9	9.8	10.3	<b>+4.8%</b>	↑
<b>EBITA</b> (€mln)	619	606	644	<b>+6.3%</b>	↑
<b>FOCF</b> (€mln)	(894)	(904)	(604)	<b>+33.2%</b>	↑
<b>NET DEBT</b> (€bn)	4.4	4.4	3.8	<b>-12.5%</b>	↑

1) Adjusted perimeter to exclude the contribution of Global Enterprise Solutions



# Order Intake

Strong commercial performance reflecting strength of Defence Government business and Civil recovery

	€ mln	Δ % YoY	
<b>9M2022A*</b>	<b>11,560</b>		
HELICOPTERS	4,177	-9.6%	→ €1.4bn contract for 32 AW149 in Poland signed in July 2022. In 2023, 18 AW169 MLUH for Austria; 3 AW159 and AW101 (including MLU) export; 13 MH-139 for the US Air Force; civil orders
ELECTRONICS EUROPE	4,855	+38.9%	→ Growing across all areas. ECRS Mk2 for UK RAF, C2 Capabilities in Italy, radar KGM-HP (Kronos) for Italian Air Force, Joint Operational Command of the Joint Forces (JOC-COVI) in Cyber
LEONARDO DRS	2,309	+15.2*	→ Integrated electric propulsion components for Columbia-class and infrared countemeasures for the US Armed Forces
AIRCRAFT	1,824	+11.4%	→ 2 C-27J export orders, EFA logistic support and further orders for JSF
AEROSTRUCTURES	528	+54.4%	→ Mainly driven by new orders for B787 and ATR; contracts for new programmes
ELIMINATIONS & OTHER	-418		
<b>9M2023A**</b>	<b>13,275</b>	<b>+14.8%</b>	

\* Adjusted perimeter to exclude the contribution of Global Enterprise Solutions

\*\* Including ca. €110 mln of negative forex



# Revenues

Solid performance confirming growth path

	€ mln	Δ % YoY	
<b>9M2022A*</b>	<b>9,802</b>		
HELICOPTERS	3,202	+1.6%	Increase due to dual-use models and CS&T offsetting expected lower contribution from NH90 Qatar
ELECTRONICS EUROPE	3,294	+4.6%	Growing volumes across all areas
LEONARDO DRS	1,753	+6.6%*	Increase on the IM-SHORAD and MFoCS programmes
AIRCRAFT	1,938	-1.1%	Slightly below comparable period
AEROSTRUCTURES	462	+31.6%	Driven by increasing activity on all lines of business
ELIMINATIONS & OTHER	-380		
<b>9M2023A**</b>	<b>10,269</b>	<b>+4.8%</b>	

\* Adjusted perimeter to exclude the contribution of Global Enterprise Solutions

\*\* Including ca. € 82 mln of negative forex



# EBITA and Profitability

## Improving Profitability

	€ mln	RoS	Δ % YoY	
<b>9M2022A*</b>	<b>606</b>	<b>+6.2%</b>		
HELICOPTERS	250	+7.8%	+6.8%	Solid performance driven by top-line growth and business mix
ELECTRONICS EUROPE	327	+9.9%	+6.9%	Confirming strong profitability
LEONARDO DRS	146	+8.3%	+5.8%*	Solid performance driven by favorable business mix
AIRCRAFT	242	12.5%	0.0%	In line with 9M2022
AEROSTRUCTURES	-127	-27.5%	+5.2%	Higher asset utilisation from increased production volumes
ATR	-2		+50.0%	Increasing deliveries offset one-off customer settlement in 2022
SPACE	6		-40.0%	Positive trend in Service. Manufacturing affected by Telco Business. Continued to be impacted by production delays due to persistent supply chain tension.
CORPORATE & OTHER	-198			
<b>9M2023A**</b>	<b>644</b>	<b>+6.3%</b>	<b>+6.3%</b>	

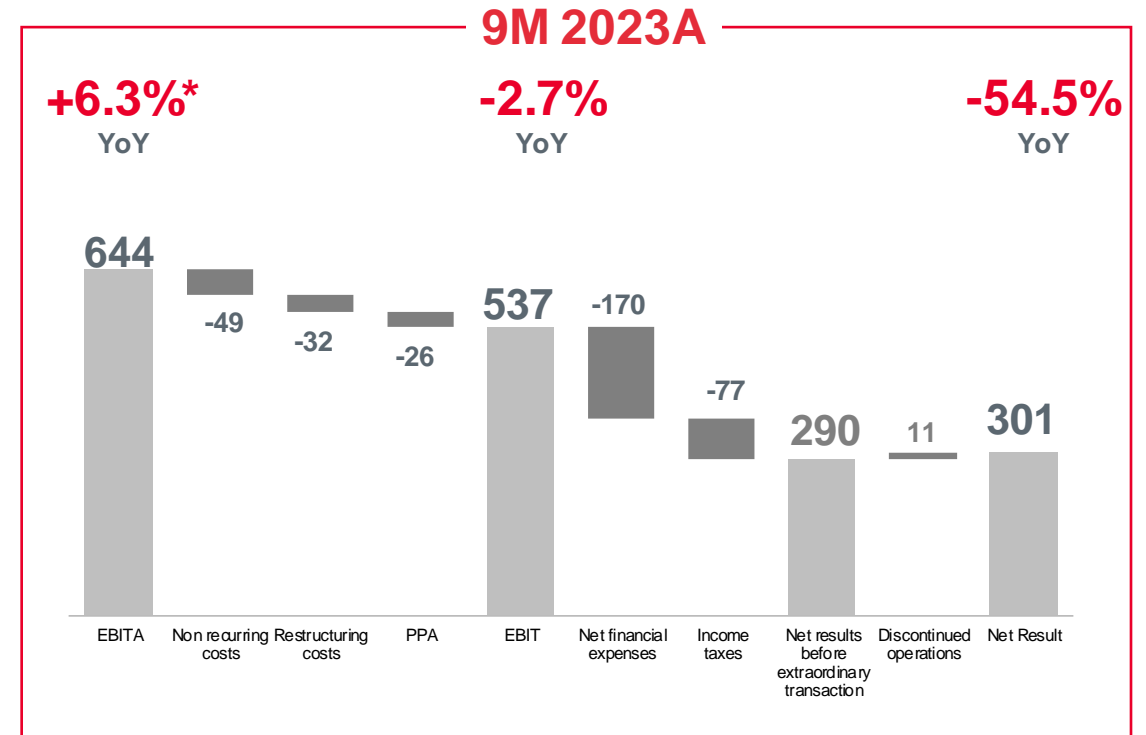
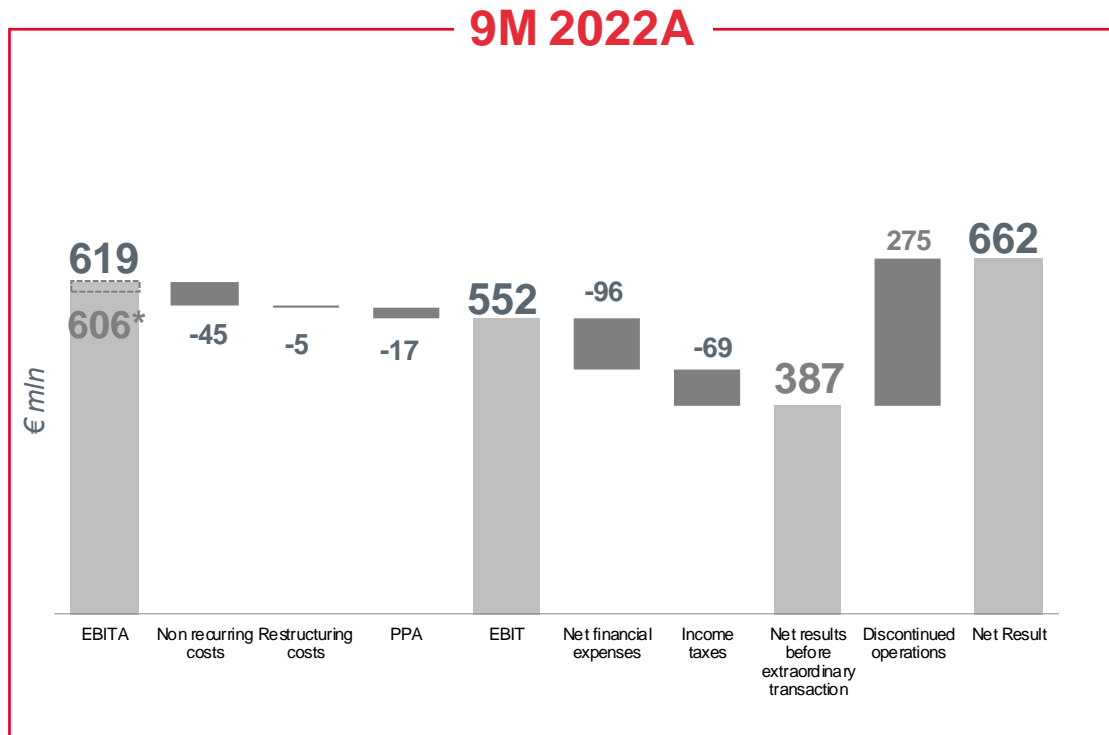
\* Adjusted perimeter to exclude the contribution of Global Enterprise Solutions

\*\* Including ca. € 6 mln of negative forex



# From EBITA to Net Result

Solid bottom line



- Net result impacted by higher financial expense due to higher market rates, performance of non strategic equity accounted holdings and FX fair value YoY comparison

- Stepping up cash flow : 9M 2023 FOCF at € - 604 mln, up 33.2% vs 9M 2022 (€ - 904 mln\*)
- Continued deleveraging with Net Debt down €0.5 bn vs 9M2022

\* Adjusted perimeter to exclude the contribution of Global Enterprise Solutions, sold in July 2022



# Recent progress to Investment Grade

Confirming deleveraging commitment

## RATED “INVESTMENT GRADE” BY ALL 3 RATING AGENCIES

### S&P

- Upgraded Leonardo to **BBB-** in Aug'23, with **stable** outlook
- The Investment Grade upgrade reflects
  - Management's priorities to improve cash flows, reduce debt, and strengthen the balance sheet
  - Management commitment to use cash flows to reduce debt, then maintain constant shareholder return

### Moody's






- Upgraded Leonardo to **Baa3** in May' 23, with **stable** outlook
- Ratings upgrade reflects
  - Strong execution through the pandemic
  - Solid growth prospects for the Defence business
  - Track record of material deleveraging
  - Commitment for further reduction, whilst maintaining a stable shareholder remuneration and strong growth prospects

### Fitch

- Upgraded Leonardo's outlook from Negative to **stable**, with a **BBB-** rating in Jan'22
- The outlook upgrade reflected strong cash flows improvement expectations



# 2023 Guidance confirmed

		2022A	2023E <sup>1</sup>
<b>ORDERS</b> (€bn)		17.3	ca. 17
<b>REVENUES</b> (€bn)		14.7	15-15.6
<b>EBITA</b> (€mln)		1,218	1,260-1,310
<b>FOCF</b> (€mln)		539	ca. 600
<b>NET DEBT</b> (€bn)		3.0	ca. 2.6 <sup>2</sup>



- Continued solid commercial momentum, with book-to-bill > 1x
- Successfully navigating inflationary pressures
- Continued improvement in FOCF and focus on deleveraging

2023 exchange rate assumptions: € / USD = 1.10 and € / GBP = 0.87

1) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration

2) Assuming dividend payment of € 0.14 p.s. and new leases for ca €100 mln





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# Q&A



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# Helicopters

## Continued strong commercial performance

### 2018-2022 Results



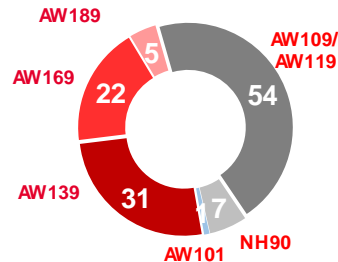
### 3Q/9M23 Results

	3Q 2022	3Q 2023	% Change
Orders	2,440	1,372	-43.8%
Revenues	1,043	1,042	-0.1%
EBITA	83	93	12.0%
RoS	8.0%	8.9%	+0.9 p.p.

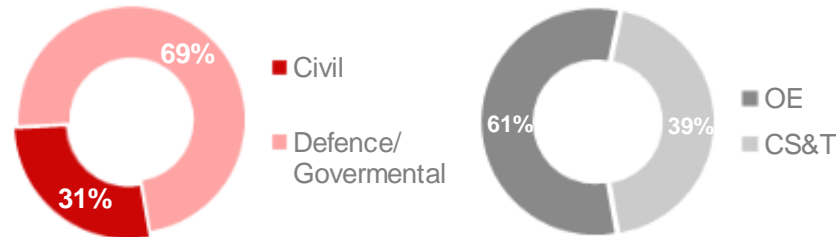
	9M 2022	9M 2023	% Change
Orders	4,623	4,177	-9.6%
Revenues	3,153	3,202	+1.6%
EBITA	234	250	+6.8%
RoS	7.4%	7.8%	+0.4 p.p.

### Deliveries by programme

**9M23**  
**120 new units**



### Revenues by customer/segment



### 2023 Outlook(\*)

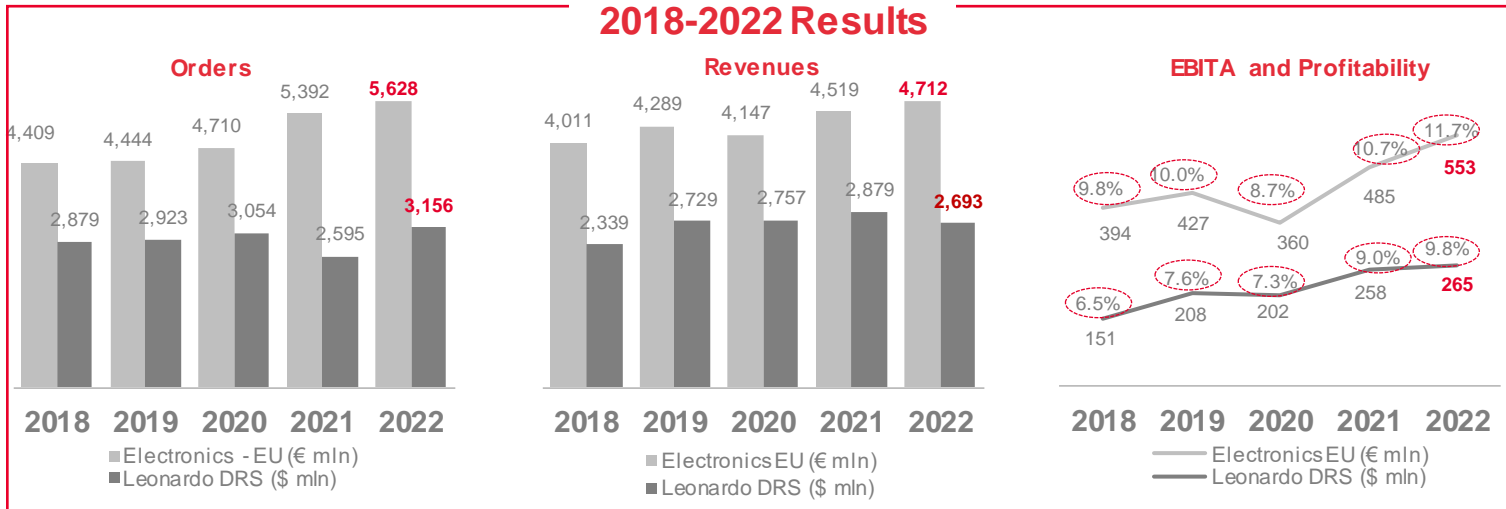
- Strong level of order intake expected both in civil and governmental; confirming increasing revenues and deliveries
- Good level of profitability supported by structured actions to offset inflationary pressure

(\*) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration



# Electronics

## Growing revenues and profitability



### 3Q/9M23 Results

ELECTRONICS - EU			
€ mln	3Q 2022	3Q 2023	% Change
Orders	955	1,810	+89.5%
Revenues	1,040	1,096	+5.4%
EBITA	96	102	+6.2%
RoS	9.2%	9.3%	+0.1 p.p.

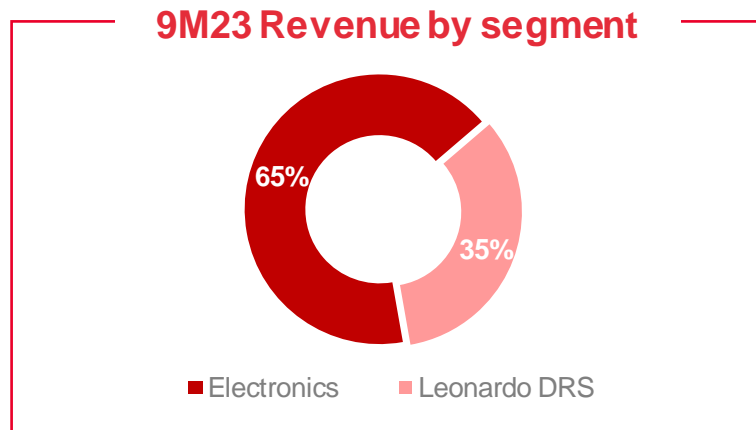
€ mln	9M 2022	9M 2023	% Change
Orders	3,495	4,855	+38.9%
Revenues	3,149	3,294	+4.6%
EBITA	306	327	+6.9%
RoS	9.7%	9.9%	+0.2 p.p.

LEONARDO DRS			
\$ mln <sup>(*)</sup>	3Q 2022 <sup>1</sup>	3Q 2023	% Change
Orders	868	1,055	+21.5%
Revenues	616	703	+14.1%
EBITA	46	67	+45.6%
RoS	7.5%	9.5%	+2.0 p.p.

\$ mln <sup>(*)</sup>	9M 2022 <sup>1</sup>	9M 2023	% Change
Orders	2,135	2,502	+17.2%
Revenues	1,750	1,900	+8.6%
EBITA	148	158	+6.8%
RoS	8.4%	8.3%	-0.1 p.p.



- ### 2023 Outlook(\*\*)
- Growing volumes and profitability driven by improving execution of backlog and investments
  - Market dynamics still reflecting inflationary pressure and supply chain

1) Adjusted perimeter to exclude the contribution of Global Enterprise Solutions

\* Avg. exchange rate €/€ @ 1.0650 in 9M22; Avg. exchange rate €/€ @ 1.0835 in 9M23

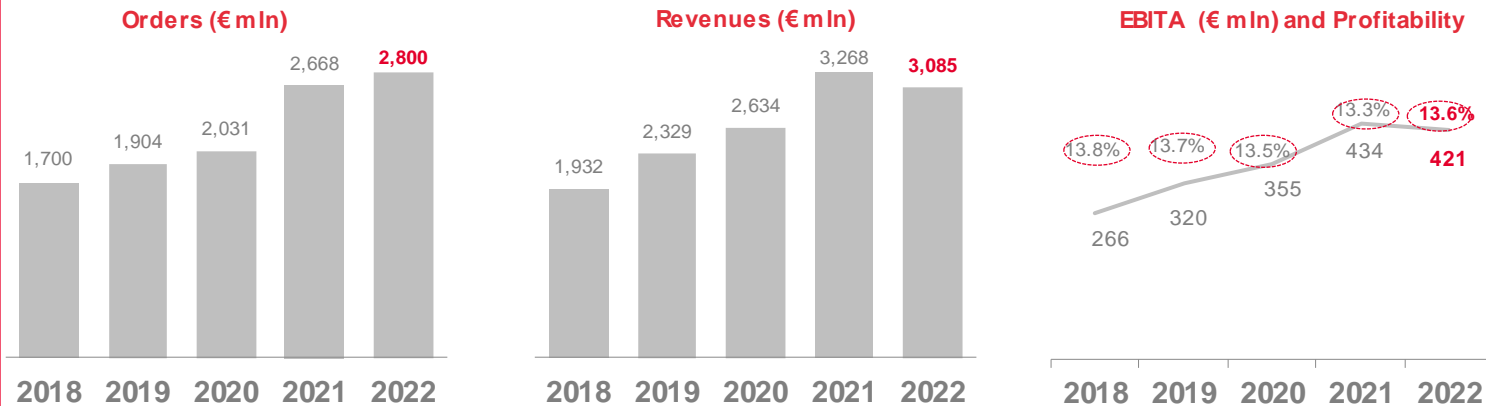
\*\* Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration



# Aircraft

## Solid profitability

### 2018-2022 Results



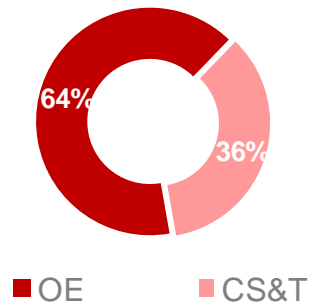
### 3Q/9M23 Results

€ mln	3Q 2022	3Q 2023	% Change
Orders	147	327	122.4%
Revenues	698	590	-15.5%
EBITA	92	82	-10.9%
RoS	13.1%	14.4%	+1.3 p.p.

€ mln	9M 2022	9M 2023	% Change
Orders	1,637	1,824	+11.4%
Revenues	1,959	1,938	-1.1%
EBITA	242	242	-
RoS	12.4%	12.5%	+0.1 p.p.

### 9M23 Revenues by platform



### 2023 Outlook(\*)

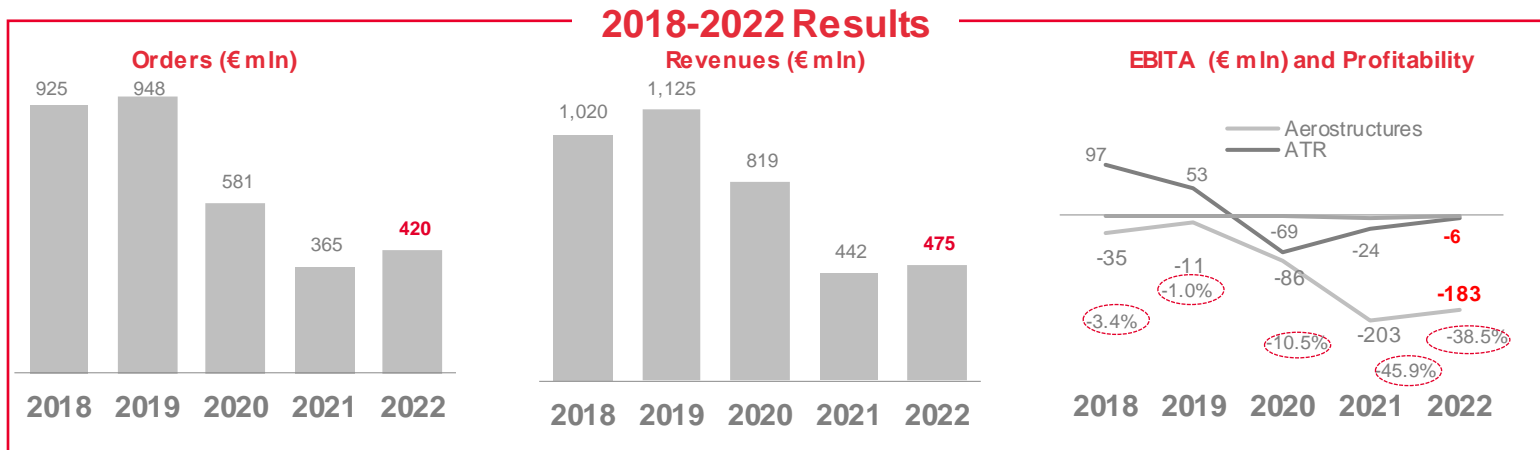
- Growing export market for proprietary platforms
- Confirming strong contribution from Fighter business lines (F-35 and Eurofighter)

(\*) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration



# Aerostructures and ATR

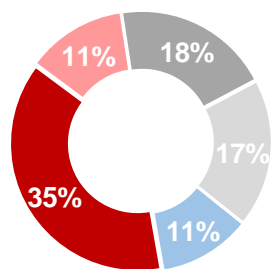
## Recovery on track



**3Q/9M23 Results**

Aerostructures		3Q 2022	3Q 2023	% Change
Orders	€ mln	184	303	64.7%
Revenues	€ mln	117	135	15.4%
EBITA	€ mln	(46)	(55)	-19.6%
RoS	%	(39.3%)	(40.7%)	-1.4 p.p.
Aerostructures		9M 2022	9M 2023	% Change
Orders	€ mln	342	528	+54.4%
Revenues	€ mln	351	462	+31.6%
EBITA	€ mln	(134)	(127)	+5.2%
RoS	%	(38.2%)	(27.5%)	10.7 p.p.
ATR		3Q 2022	3Q 2023	% Change
EBITA	€ mln	(3)	3	+200%
ATR		9M 2022	9M 2023	% Change
EBITA	€ mln	(4)	(2)	+50.0%

### 9M23 Revenue by programme



■ B787 ■ B767 ■ Airbus ■ ATR ■ Military

### 2023 Outlook(\*)

- Increasing volume driven by increasing production rate for Airbus and Boeing 787
- Better profitability driven by higher asset utilisation
- GIE-ATR expected increase deliveries

(\*) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration

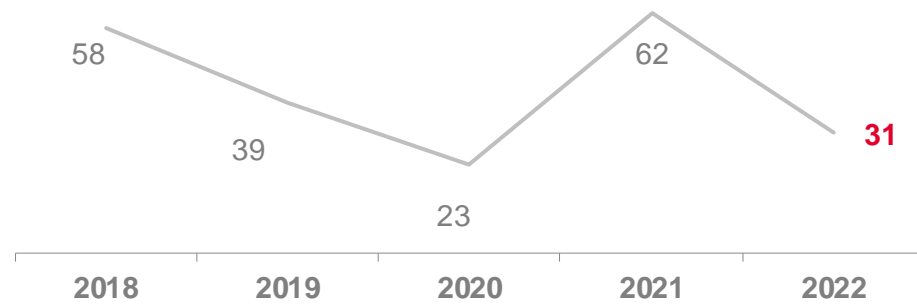


# Space

## Solid performance of Satellite services

### 2018-2022 Results

EBITA (€m)



### 2023 Outlook(\*)

- Growing volumes driven by solid and increasing backlog

### 3Q/9M23 Results

	3Q 2022	3Q 2023	% Change
EBITA	7	4	-42.9%
EBITA	10	6	-40.0%

(\*) Based on the current assessment of the effects deriving from the geopolitical situation on the supply chain and the global economy and assuming no additional major deterioration





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# 3Q/9M 2023 Results

## Group Performance

	€ mln	3Q 2022	3Q 2023	% Change	9M2022	9M2023	% Change	FY 2022
New Orders		4,409	4,584	+4%	11,719	13,275	+13.3%	17,266
Backlog					37,353	40,186	+7.6%	37,506
Revenues		3,341	3,375	+1%	9,917	10,269	+3.5%	14,713
EBITA		201	214	+6.5%	619	644	+4.0%	1,218
	<i>RoS</i>	6.0%	6.3%	+0.3 p.p.	6.2%	6.3%	+0.1 p.p.	8.3%
EBIT		190	169	-11%	552	537	-2.7%	961
	<i>EBIT Margin</i>	5.7%	5.0%	-0.7 p.p.	5.6%	5.2%	-0.4 p.p.	6.5%
Net result before extraordinary transactions		120	93	-22.5%	387	290	-25.1%	697
Net result		395	93	-76.5%	662	301	-54.5%	932
EPS (€ cents)		0.689	0.142		1.151	0.483	-58.0%	1.611
FOCF		68	-87	n.a.	-894	-604	+32.4%	539
Group Net Debt					4,359	3,813	-12.5%	3,016
Headcount					50,677	52,973	+4.5%	51,392

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

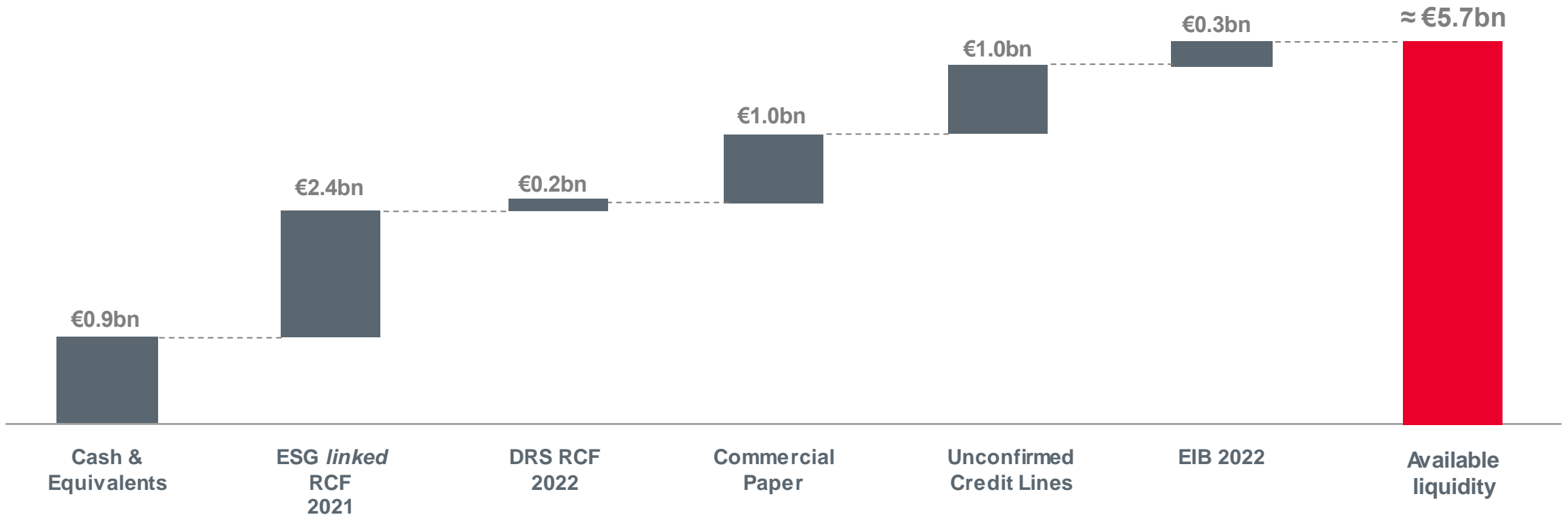


# Solid Group liquidity ensures adequate financial flexibility

- Available credit lines

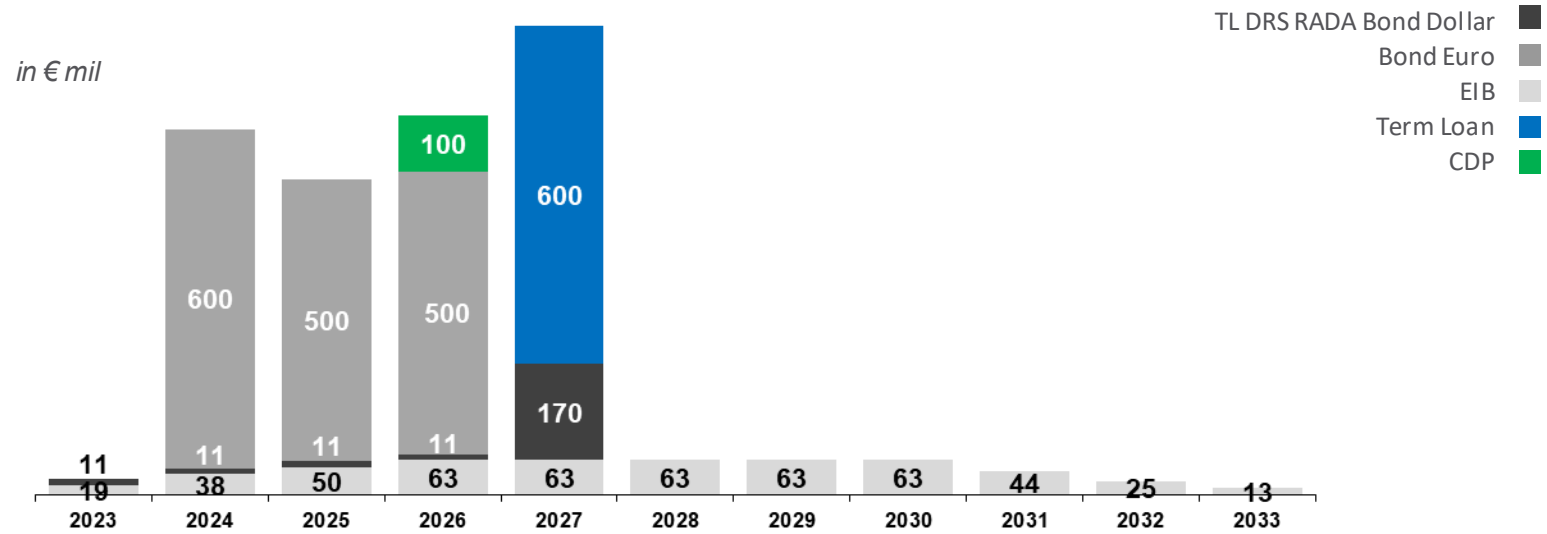
- € 2.4bn ESG Credit Line signed in October 2021
- € 1.0bn existing unconfirmed credit lines
- € 1.0bn Commercial Paper signed in August 2022
- € 0.3bn new «Sustainability-Linked» EIB loan

together with the Revolving Credit Facility signed in November 2022 by Leonardo DRS, following the merger with RADA, available for € 0.2bn and cash in-hands ensure a Group's liquidity of approx. € 5.7bn



# Balanced debt maturity profile

**Debt maturity**  
Average life: ≈ 2.5 years



## CREDIT RATING

	As of today	Before last review	Date of review
<b>S&amp;P</b>	BBB- / <i>Stable Outlook</i>	BB+ / <i>Positive Outlook</i>	August 2023
<b>Moody's</b>	Baa3 / <i>Stable Outlook</i>	Ba1 / <i>Positive Outlook</i>	May 2023
<b>Fitch</b>	BBB- / <i>Stable Outlook</i>	BBB- / <i>Negative Outlook</i>	January 2022



# Covenants FY2022

	FY2022A Post IFRS 16
EBITDA*	€ 1,671 mln
Net Interest	€ 104 mln
<b>EBITDA / Net Interest</b>	<b>16.1</b>
<b>THRESHOLD</b>	<b>&gt; 3.25</b>

	FY2022A Post IFRS 16
Group Net Debt	€ 3,016 mln
Leasing (IFRS 16)	- € 570 mln
Financial Debt to MBDA	- € 713 mln
Group Net Debt for Covenant	€ 1,733 mln
EBITDA*	€ 1,671 mln
<b>Group Net Debt / EBITDA</b>	<b>1.0</b>
<b>THRESHOLD</b>	<b>&lt; 3.75</b>

\* EBITDA net of depreciation of rights of use



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# 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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