
PRESS RELEASE

LEONARDO: GROWING NINE MONTHS RESULTS

Strong and resilient military-governmental business

- **With results above pre-pandemic levels**
- Now 87% of Group Revenues

Solid Group nine-month financial results

- Backlog of € 35.2 billion
- Strong commercial momentum: Order intake of € 9.3 billion, up 9% YoY
- Top line growth: Revenues of € 9.6 billion, up 6% YoY
- EBITA of € 607 million, up 22% YoY, and growing profitability
- FOCF, significantly improved, more linear than in 2020
- Strong liquidity position and no refinancing needs in the short term

Strong commitment to ESG: signed the first ESG-linked financial instrument; Leonardo Global Compact Lead for the second year in a row

Update on Aerostructures

- Positive signs in specific market segments
- ATR, Airbus and other programmes improving, B787 still challenging
- Put in place actions to increase industrial efficiency and flexibility
- Gradual recovery with breakeven point expected by the end of 2025

FY 2021 Guidance confirmed

Strong foundations and core fundamentals giving confidence in medium-long term

Rome, 4 November 2021– Leonardo's Board of Directors, convened today under the Chairmanship of Luciano Carta, examined and unanimously approved the results of the first nine months 2021.

Alessandro Profumo, Leonardo CEO, stated “We are pleased with our 9 months results that are very solid with performance above pre-pandemic levels in military-governmental (87% of Group Revenues), more than offsetting the still challenging civil business. Our backlog guarantees visibility, the top line is growing as well as EBITA and FOCF. We confirm our 2021 Guidance and medium-long term perspectives based on our solid Group fundamentals. We have signed recently the first “ESG linked” Revolving Credit Facility and we have been appointed again as Global Compact Lead confirming our firm commitment to ESG.”

First 9 months 2021 results

The results recorded in the first nine months of 2021 put on a sound footing the recovery in growth and an increase in profitability reported in the financial statements at 31 December 2020, showing a gradual and continuous improvement in the Group's industrial performance during 2021. The volume of new orders continued to achieve excellent levels, confirming the good competitive positioning of the Group's products and solutions, with Revenues growing in all the main business areas.

The civil sector reflects the difficulties that have been reported in recent months in a scenario that is still hit by some effects of the pandemic. In particular, the Aerostructures Division is coping with a continuing fall in production volumes and the consequent failure of the industrial assets to operate at full capacity, which led to a further decline in results.

The cash flows, although affected by the usual interim performance characterised by significant outflows in the first part of the year, are clearly improving.

Update on Aerostructures

Before the pandemic, the restructuring plan for Aerostructures was ahead of schedule. Then, the air traffic crisis linked to the covid pandemic interrupted the turnaround process. There are some more positive signs of market recovery in specific segments. ATR, Airbus and other programmes improving, while B787 is still affected by the pandemic. Leonardo has been putting in place actions to increase industrial efficiency and flexibility and to reduce losses in the short and medium term and to secure Aerostructures' longer-term future. So based on the current assumptions, in Aerostructures Leonardo confirms that 2021 will be the bottom year, with a gradual recovery and then breakeven point expected by the end of 2025.

9 Months 2021 Key Performance Indicator

Group (Euro million)	9M 2020	9M 2021	Chg.	Chg. %	FY 2020
New orders	8,510	9,266	756	8.9%	13,754
Order backlog	34,980	35,235	255	0.7%	35,516
Revenues	9,025	9,564	539	6.0%	13,410
EBITDA(*)	866	921	55	6.4%	1,458
EBITA (**)	497	607	110	22.1%	938
ROS	5.5%	6.3%	0.8 p.p.		7.0%
EBIT (***)	395	445	50	12.7%	517
EBIT Margin	4.4%	4.7%	0.3 p.p.		3.9%
Net result before extraordinary transactions	135	229	94	69.6%	241
Net result	137	229	92	67.2%	243
Group Net Debt	5,884	4,690	(1,194)	(20.3%)	3,318
FOCF	(2,596)	(1,387)	1,209	46.6%	40
ROI	7.0%	8.5%	1.5 p.p.		11.3%
Workforce	49,973	50,139	166	0.3%	49,882

(*) EBITDA this is EBITA before amortisation, depreciation (net of those relating to goodwill or classified among "non-recurring costs") and adjustments impairment.

(**) EBITA is obtained by eliminating from EBIT the following items: any impairment in goodwill; amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, restructuring costs that are a part of defined and significant plans; other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

(***) EBIT is obtained by adding to earnings before financial income and expense and taxes and taxes the Group's share of profit in the results of its strategic Joint Ventures (GIE-ATR, MBDA, Thales Alenia Space and Telespazio).

Commercial Performance

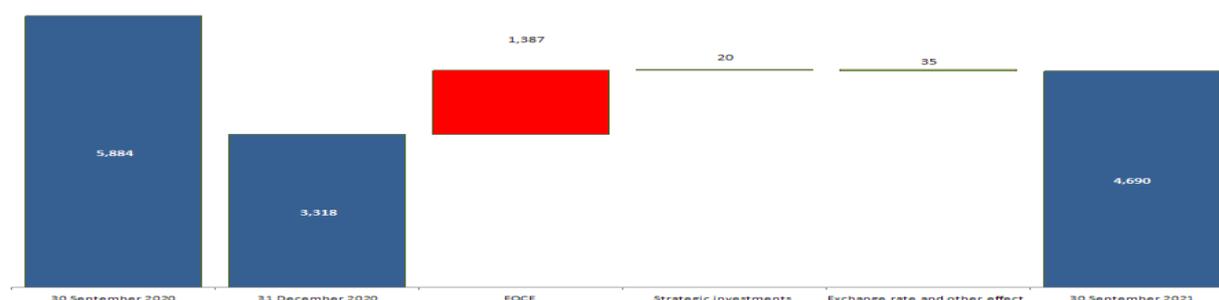
- **New Orders**, amounted to **EUR 9,266 million** sharply increasing compared to the first nine months of 2020. The Defence Electronics and Security sector in the European component and the Aircraft division of the Aeronautics sector recorded an excellent performance in terms of sales. The Helicopters business segment showed a downturn, which was affected during the period under comparison by the acquisition of the IMOS order, while in the Aeronautics sector the decline in the civil component continues
- **Backlog**, amounted to **EUR 35,235 million**, a coverage in terms of equivalent production equal to about 2.5 years

Business Performance

- **Revenues**, amounted to **EUR 9,564 million**, continued during the first nine months of 2021, driven by the performance of the Defence Electronics and Security, the *Aircraft* component of Aeronautics and - to a lesser extent - the Helicopters sectors. The aforementioned growth trend was only partially offset by the expected reduction in volumes in the Aerostructures segment, which continued to be adversely affected by a decline in production rates on the B787 and ATR programmes
- **EBITA**, amounted to **EUR 607 million**, (with a ROS of 6.3%) recorded a significant total growth rate (22%) with a considerable increase in all business segments, except for Aerostructures, which was due to higher volumes of revenues and the improvement in profitability and which was also contributed to by a higher share provided by all the strategic Joint Ventures, with particular reference to the manufacturing sector of the Space Alliance and the GIE ATR, thanks to a gradual resumption of deliveries
- **EBIT**, amounted to **EUR 445 million**, compared to the first nine months of 2020 (€mil. 395), a significant increase (13%) while continuing to record – albeit to a lesser extent – charges linked to the compliance with the Government’s instructions in the matter of COVID-19, including to protect the health of its workers. EBIT included the effects of the recognition of restructuring costs associated with the agreements announced in relation to the early retirement of the workforce in the *Aerostructures* division on a voluntary basis (approximately €mil. 90)
- **Net Result before extraordinary transactions**, which posted a profit of **EUR 229 million**, equal to **Net Result**, benefitted from the EBIT performance, as well as from lower financial costs which, in the period under comparison, were strongly affected by the component related to the hedging activity to counter foreign exchange risk and by the charges associated with outstanding bond issues, which showed a decrease during the period under consideration as a result of a reduction in bond exposure. The Net Result was also influenced by the tax benefits deriving from the adoption of the tax concessions provided for by Article 110 of Law Decree 104/2020 on the realignment between the tax and statutory values of goodwill

Financial performance

- **Free Operating Cash Flow (FOCF)**, negative for **EUR 1,387 million**, improving significantly compared to the figure of 30 September 2020 (negative for €mil. 2,596). This result, although confirming the usual interim trend that is characterised by significant cash absorptions in the first part of the year, reflects the expected positive trend towards improvement
- **Group Net Debt**, of **EUR 4,690 million**, showed an increase compared to 31 December 2020 (€mil. 3,318), mainly as a result of the abovementioned FOCF performance



2021 Guidance

In consideration of the results achieved in the first nine months of 2021 and of the expectations for the quarters to follow, and on the basis of an expected improvement in the global health situation with consequent gradual normalization of operating and market conditions, we confirm 2021 Guidance disclosed in March 2021, summarized below

		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**

*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

Assuming €/USD exchange rate at 1.18 and €/GBP exchange rate at 0.90

SECTOR PERFORMANCE

9M 2020 (Euro million)	New Orders	Order Backlog at 31.12.2020	Revenues	EBITA	ROS
Helicopters	3,154	12,377	2,642	219	8.3%
Defence Electronics & Security	4,499	13,449	4,418	317	7.2%
Aeronautics	1,172	10,696	2,285	95	4.2%
Aircraft	772	9,512	1,704	204	12.0%
Aerostructures	449	1,184	630	(47)	(7.5%)
GIE ATR	n.a.	n.a.	n.a.	(62)	n.a.
Space	-	-	-	(1)	n.a.
Other activities	89	87	297	(133)	(44.8%)
Eliminations	(404)	(1,093)	(617)	-	n.a.
Total	8,510	35,516	9,025	497	5.5%

9M 2021 (Euro million)	New Orders	Order Backlog	Revenues	EBITA	ROS
Helicopters	2,391	11,945	2,719	223	8.2%
Defence Electronics & Security	5,457	14,342	4,737	425	9.0%
Aeronautics	1,908	10,128	2,492	91	3.7%
Aircraft	1,643	9,053	2,121	241	11.4%
Aerostructures	299	1,075	405	(125)	(30.9%)
GIE ATR	n.a.	n.a.	n.a.	(25)	n.a.
Space	-	-	-	37	n.a.
Other activities	98	80	285	(169)	(59.3%)
Eliminations	(588)	(1,260)	(669)	-	n.a.
Total	9,266	35,235	9,564	607	6.3%

Change %	New Orders	Order Backlog	Revenues	EBITA	ROS
Helicopters	(24.2%)	(3.5%)	2.9%	1.8%	(0.1) p.p.
Defence Electronics & Security	21.3%	6.6%	7.2%	34.1%	1.8 p.p.
Aeronautics	62.8%	(5.3%)	9.1%	(4.2%)	(0.5) p.p.
Aircraft	112.8%	(4.8%)	24.5%	18.1%	(0.6) p.p.
Aerostructures	(33.4%)	(9.2%)	(35.7%)	(166.0%)	(23.4) p.p.
GIE ATR	n.a.	n.a.	n.a.	59.7%	n.a.
Space	n.a.	n.a.	n.a.	3800.0%	n.a.
Other activities	10.1%	(8.0%)	(4.0%)	(27.1%)	(14.5) p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.	n.a.
Total	8.9%	(0.8%)	6.0%	22.1%	0.8 p.p.

Helicopters

The performance in the first nine months of 2021 confirmed the growth trend in Revenues and EBITA, compared to the first nine months of 2020, despite the civil sector continued to be affected by a market that was still characterised by the pandemic. The volume of orders was lower as a result of the acquisition of the IMOS (Integrated Merlin Operational Support) contract for the UK Ministry of Defence in 2020.

New Orders: a decrease due to the acquisition of the IMOS contract in 2020, as well as to a postponement of some planned acquisitions to the last quarter of 2021. Among the new orders gained in the period note:

- the second contract for the supply of 36 TH-73A (AW119) helicopters for the US Navy
- the second addendum to the contract for the completion of the development activities and the supply of no. 4 production helicopters relating to the NEES (New Exploration and Escort Helicopter - Nuovo Elicottero da Esplorazione e Scorta) programme for the Italian Army
- the contracts concerning the supply of no. 9 AW139 helicopters for the Saudi Royal Court and no. 8 AW139 helicopters for the Italian Finance Police

Revenues: slight increase due to higher revenues on the AW189/AW 149 lines, as well as to the ramp-up of operations on the military and governmental programmes such as NH90 for Qatar and TH-73A per for the US Navy.

EBITA: The increase was substantially in line with growth in revenues.

Defence Electronics & Security

The nine months of 2021 were characterised by an excellent business performance, with revenues and profits on the rise in all the areas of operation both in Europe and at Leonardo DRS, thus confirming the upward trend in profitability recorded since the beginning of the year.

9M 2020 <i>(Euro million)</i>	New Orders	Revenues	EBITA	ROS %
Electronics – Europe	2,246	2,731	216	7.9%
Leonardo DRS	2,262	1,719	101	5.9%
<i>Eliminations</i>	<i>(9)</i>	<i>(32)</i>	-	<i>n.a.</i>
Total	4,499	4,418	317	7.2%

9M 2021 <i>(Euro million)</i>	New Orders	Revenues	EBITA	ROS %
Electronics – Europe	3,861	3,023	281	9.3%
Leonardo DRS	1,603	1,720	144	8.4%
<i>Eliminations</i>	<i>(7)</i>	<i>(6)</i>	-	<i>n.a.</i>
Total	5,457	4,737	425	9.0%

Change %	New Orders	Revenues	EBITA	ROS %
Electronics – Europe	71.9%	10.7%	30.1%	1.4 p.p.
Leonardo DRS	(29.1%)	0.1%	42.6%	2.5 p.p.
<i>Eliminations</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Total	21.3%	7.2%	34.1%	1.8 p.p.

Average €/USD exchange rate: 1.1967 (first nine months of 2021) and 1.1241 (first nine months of 2020)

New Orders: They showed a significant increase compared to the same period of 2020. Among the major orders that characterised the excellent business performance of Electronics in Europe note the contract for the supply of equipment for two U212 Near Future Submarines (NFS), which will join the Italian Navy's fleet as from 2027 and, within the broadest programme Quadriga, the contract for the supply of radars of air protection systems that will equip 38 Typhoon aircraft intended to replace the Tranche 1 aircraft, which are currently used by the German Ministry of Defence. Furthermore, note, in the area of Cyber security, the contract for the Phase 4 of the SICOTE (*Sistema di Controllo del Territorio*, Territory Control System) programme focused on innovative solutions designed to support the institutional operations of the Carabinieri Corps Command and of the Defence General Staff. In the Automation segment, we must note the order to upgrade the logistics operations of baggage handling systems, which will be equipped with security technology approved by the European Civil Aviation Conference (ECAC) for 10 Spanish airports.

As regards DRS note the additional orders for the production of hardware modular systems named Mounted Family of Computer Systems (MFoCS) to be installed on land combat vehicles for manoeuvrability and logistics support for the US Army and the IM-SHORAD (Initial-Manoeuvre-Short Range Air Defense) contract for the initial supply of a Mission Equipment Package, which is to be

integrated into heavy striker-type vehicles and will enable the neutralization of low-altitude aerial threats, including remotely piloted vehicles (drones).

Revenues: showed an increase both in the European component of the business, which last year was affected by the application of the measures to contain COVID-19 infection, and at Leonardo DRS, excluding a negative impact of the USD/Euro exchange rate.

EBITA: showed an increase as a result of higher volumes and an improved profitability compared to the value posted in the first nine months of 2020, which had been adversely affected by the first effects of the measures put in place to contain the COVID-19 infection, with particular regard to the European component. Leonardo DRS, whose result considerably increased despite the negative effect of the USD/Euro exchange rate, confirms the upward trend in profitability, due to starting production operations under some development programmes.

	New Orders	Revenues	EBITA	ROS %
Leonardo DRS (\$ mln) – 2020 9M	2,543	1,932	114	5.9%
Leonardo DRS (\$ mln) – 2021 9M	1,919	2,059	173	8.4%

Aeronautics

The first nine months of 2021 confirmed a good performance of the Aircraft Division and a performance in the civil aviation sector that was still impacted by the effects of the pandemic on civil air traffic, with production volumes showing a significant decline in the Aerostructures Division and still low delivery levels, although sharply recovering compared to 2020, on the part of the GIE-ATR consortium.

9M 2020 <i>(Euro million)</i>	New Orders	Revenues	EBITA	ROS %
Aircraft	772	1,704	204	12.0%
Aerostructures	449	630	(47)	(7.5%)
GIE ATR	-	-	(62)	n.a.
<i>Eliminations</i>	<i>(49)</i>	<i>(49)</i>	-	<i>n.a.</i>
Total	1,172	2,285	95	4.2%

9M 2021 <i>(Euro million)</i>	New Orders	Revenues	EBITA	ROS %
Aircraft	1,643	2,121	241	11.4%
Aerostructures	299	405	(125)	(30.9%)
GIE ATR	-	-	(25)	n.a.
<i>Eliminations</i>	<i>(34)</i>	<i>(34)</i>	-	<i>n.a.</i>
Total	1,908	2,492	91	3.7%

Change %	New Orders	Revenues	EBITA	ROS %
Aircraft	112.8%	24.5%	18.1%	(0.6) p.p.
Aerostructures	(33.4%)	(35.7%)	(166.0%)	(23.4) p.p.
GIE ATR	n.a.	n.a.	59.7%	n.a.
<i>Eliminations</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Total	62.8%	9.1%	(4.2%)	(0.5) p.p.

Aircraft

From a production point of view for military programmes, the Division there was the delivery of 32 wings to Lockheed Martin for the F-35 programme (27 wings delivered in September 2020)

New Orders: recorded orders that were higher than in the same period of 2020 thanks to the finalisation of a major contract for the export of M-346 aircraft

Revenues: higher production volumes achieved in the Division on the business line of M-346 trainers and the Kuwait programme

EBITA: it benefitted from the effect of higher volumes in the Division

Aerostructures

From a production point of view, 32 deliveries were made for fuselage sections and 16 stabilisers for the B787 programme (90 fuselages and 58 stabilisers delivered in 2020), and 10 fuselages for the ATR programme (19 in the first nine months of the last year).

New Orders: The Division did not receive new orders from the GIE/ATR consortium, nor from Boeing with reference to the B787 programme, despite continuing to record orders in line with the comparative period with reference to the Airbus (A220 and A321) programmes.

Revenues: a decline in the Division, which was affected by a reduction in the production rates of the B787 and ATR programmes.

EBITA: the expected reduction in business volumes and the consequent failure to run production sites at their full capacity led to a sharp decline in results compared to the first nine months of 2020 in the Division.

GIE-ATR

EBITA: consortium recorded results higher than those reported in the first nine months of 2020 thanks to the actions taken to reduce costs and the increase in deliveries (16 deliveries in 2021 compared to only one delivery in 2020)

Space

The first nine months of 2021 showed an increase in the result compared to the same period of the previous year as a result of higher production volumes and improved profitability in the manufacturing segment, the performance of which in the comparative period had been hit by the effects of the COVID-19 emergency.

The segment of satellite services confirmed a good performance as in the previous year and recorded operating results that were substantially in line with the comparative period.

To the abovementioned industrial performance must be added the significant economic benefit that was recorded by the Italian component of the manufacturing business segment deriving from the effects of the realignment between the tax and statutory value of goodwill, in compliance with the tax concessions provided for by the Decree "Urgent measures to support and revive the economy".

Industrial transactions

- **Acquisition of GEM Elettronica.** On 27 January 2021 Leonardo signed a contract with GEM Investment S.r.l. and two minority quotaholders in order to acquire 30% of GEM Elettronica S.r.l. ("GEM") for a consideration of €mil. 5. The company operates in the field of short- and medium-range sensors, navigation radar and coastal surveillance, which are a business that is highly complementary to the Group's products. Under a call / put option scheme, Leonardo will also be entitled to become the majority shareholder (from 65% to 100%) within 3 to 6 years. The closing of the transaction took place on 14 April 2021
- **Acquisition of DPI S.r.l..** In February, Leonardo acquired a quota of 63% in DPI, a company specialising in the design, production and sale of personal and environmental protective equipment, through its subsidiary Larimart. As a result of this transaction, Leonardo's operations have been strengthened in the sector of technologies for personal protection and key infrastructure, thus reinforcing its footprint in the development of products and solutions for the security, emergency and Defence markets. In April 2021, Larimart acquired an additional quota of 15% and paid a total amount of €mil. 6
- **Cooperation agreement with CAE.** On 29 March 2021 Leonardo and CAE established a company named "Leonardo CAE Advanced Jet Training", in order to provide support services to the operations of the International Flight Training School (IFTS), ranging from technical and logistics support to M-346 aircraft and Ground-Based Training Systems to the operation of IFTS infrastructures

- **Acquisition of Hensoldt AG.** On 24 April 2021 Leonardo entered into an agreement with Square Lux Holding II S.à r.l., a company controlled by funds advised by Kohlberg Kravis & Roberts & Co. L.P., to purchase a 25.1% stake in HENSOLDT AG. The company is the leading German player in the field of sensor solutions for defence and security applications, as confirmed by the recent important contracts acquired (e.g. EFA, Pegasus), and it already had a consolidated collaboration relationship with Leonardo in significant programmes such as EFA, MALE, IFF. The completion of the transaction is subject to the usual approvals by the relevant authorities and is expected in the last quarter of 2021. It will entail an outlay of about €mil. 606 or €23 per share
- **Acquisition of Alea.** On 8 June 2021 Leonardo signed a preliminary agreement for the acquisition of 70% of the share capital of Alea, a company specializing in mission critical communication software for multimedia solutions compliant with international standards on LTE/5G broadband networks. Leonardo, thanks to this transaction, strengthens its offering portfolio in professional communications, in order to guarantee new features and advanced performances in support of emergency management, public safety, companies, critical infrastructures and transports. The closing of the transaction took place on 3 August 2021. The total outlay was €mil. 3
- **Acquisition of Ascendant Engineering Solutions.** On 5 August 2021 Leonardo DRS announced that it had acquired Ascendant Engineering Solutions (AES), a leading company in the design, development and production of high-performance multi-sensor gimbal systems for the growing market of the UAS groups 1, 2 and 3 of the US military services. This acquisition will allow Leonardo DRS to integrate its cutting-edge electro-optical and infrared components and systems with advanced AES gimbal systems in order to offer solutions capable of addressing the rapidly growing market for lightweight military platforms, including small-sized unmanned aerial systems (UAS)
- **Merger by incorporation of Vitrociset.** On 30 September 2021 the Board of Directors of Leonardo approved the merger of Vitrociset S.p.A. by incorporation into the Company. Once the statutory time limits have expired, the related deed of merger will be signed, which will take effect – including for accounting and tax purposes – as from 1 January 2022. The merger represents the completion of the integration process between the two companies, which was started with the acquisition of the entire capital of Vitrociset in 2019.

It should be noted that on 24 March 2021 Leonardo US Holding, Inc. postponed the initial public offering (“IPO”) of a minority shareholding of Leonardo DRS, since, notwithstanding investor interest within the price range during the course of the roadshow, adverse market conditions did not allow an adequate valuation of the company. DRS remains a core part of Leonardo’s business portfolio and the IPO will potentially be revisited when market conditions are more favourable and a successful IPO at an appropriate valuation for this strategic business can be achieved.

Financial transactions

No new transaction was carried out on the financial markets during the first nine months of 2021. However, in January 2021 Leonardo proceeded with:

- The use of an amount of € 200 mln of the loan taken out with the European Investment Bank (EIB) in December 2020, aimed at supporting certain investment projects envisaged in the Group’s Industrial Plan;
- The early cancellation, requested at the end of December 2020, concerning the remaining amount of about € 250 mln of the Term Loan taken out in May 2020 with a pool of international banks due to the COVID-19 emergency;

- The repayment of the remaining amount (€ 739 mln) of the bond issue launched for an initial amount of € 950 mln in January 2015, which had reached its natural expiry

Moreover, in June the EMTN (Euro Medium Term Note) programme was renewed for further 12 months, which regulates possible bond issues on the European market for a maximum nominal value of €bil. 4. At the date of this report, the Programme is used for a total of €bil. 2.2.

At 30 September 2021 Leonardo relied, to meet the financing needs for ordinary Group activities, on credit facilities for a total of about €mil. 3,795, which were made up as follows: two Revolving Credit Facilities - the first of which was entered into in 2018 for an amount of €mil. 1,800 and the second one entered into in May 2020 for an amount of €mil. 1,250, both unused at the reporting date – and additional unconfirmed short-term cash lines of credit for around €mil. 745 (used for €mil. 220 at 30 September 2021). Furthermore, revocable short-term credit lines in dollars were available to subsidiary Leonardo US Holding which were guaranteed by Leonardo S.p.a., for a total value of €mil. 242 (entirely unused at 30 September 2021). Finally, Leonardo had unconfirmed unsecured lines of credit for a total of €mil. 10,580, of which an amount of €mil. 3,845 available at 30 September 2021.

Outstanding bond issues are given a medium/long-term financial credit rating by the international rating agencies: Moody's Investors Service (Moody's), Standard & Poor's and Fitch. At the date of presentation of this report, Leonardo's credit ratings, compared to those preceding the last change, were as follows:

Agency	Last update	Previous		Updated	
		Credit Rating	Outlook	Credit Rating	Outlook
Moody's	October 2018	Ba1	positive	Ba1	stable
Standard&Poor's	April 2020	BB+	positive	BB+	stable
Fitch	May 2020	BBB-	stable	BBB-	negative

After the end of the third quarter, in October 2021, Leonardo entered into an ESG-linked Revolving Credit Facility agreement with a pool of international and domestic banks for €bil. 2.4, which was structured into a €bil. 1.8 tranche with a five-year term and a €mil. 600 tranche with a three-year term. The new line of credit replaces the two existing Revolving Credit Facilities – amounting to €mil. 1,800 and €mil. 1,250 -, which were cancelled at the same time, reducing the overall cost of the funding available for the Group's financial requirements and extending the term to 2026. The ESG-linked Revolving Credit Facility is subject to the same financial covenants as already applied under the other contracts signed by Leonardo.

In line with Leonardo's sustainability strategy, the new line of credit is linked for the first time to specific ESG indicators, including the reduction in CO2 emissions through eco-efficient industrial processes and the promotion of female employment with degrees in STEM disciplines. These ESG indicators also contribute to the achievement of the Sustainable Development Goals (SDGs), which cover approximately 50% of the Group's investments. The achievement of targets relating to ESG indicators will trigger a margin adjustment mechanism applied to the line of credit.

The officer in charge of the company's financial reporting, Alessandra Genco, hereby declares, in accordance with the provisions of Article 154-bis, paragraph 2, of the Consolidated Law on Finance,

that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.

The interim results, approved today by the Board of Directors, are made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website (www.leonardocompany.com, section Investors/Results and Reports), as well as on the website of the authorised storage mechanism eMarket Storage (www.emarketstorage.com).

CONSOLIDATED INCOME STATEMENT

€mln.	9M 2020	9M 2021	Var. YoY	3Q 2020	3Q 2021	Var. YoY
Revenues	9,025	9,564	539	3,147	3,219	72
Purchases and personnel expense	(8,135)	(8,619)	(484)	(2,798)	(2,870)	(72)
Other net operating income/(expense)	14	(66)	(80)	(12)	(48)	(36)
Equity-accounted strategic JVs	(38)	42	80	(14)	13	27
Amortisation and depreciation	(369)	(314)	55	(118)	(107)	11
EBITA	497	607	110	205	207	2
<i>ROS</i>	5.5%	6.3%	0.8 p.p.	6.5%	6.4%	(0.1) p.p.
Non recurring income (expense)	(60)	(45)	15	(15)	(10)	5
Restructuring costs	(21)	(101)	(80)	(15)	(94)	(79)
Amortisation of intangible assets acquired as part of Business combinations	(21)	(16)	5	(7)	(5)	2
EBIT	395	445	50	168	98	(70)
<i>EBIT Margin</i>	4.4%	4.7%	0.3 p.p.	5.3%	3.0%	(2.3) p.p.
Net financial income/ (expense)	(207)	(132)	75	(68)	(44)	24
Income taxes	(53)	(84)	(31)	(24)	(2)	22
Net result before extraordinary transactions	135	229	94	76	52	(24)
Net result related to discontinued operations and extraordinary transactions	2	-	(2)	1	-	(1)
Net result	137	229	92	77	52	(25)
<i>attributable to the owners of the parent</i>	136	228	92	77	52	(25)
<i>attributable to non-controlling interests</i>	1	1	-	-	-	-
Earning per share (Euro)						
<i>Basic e diluted</i>	0.237	0.396	0.159	0.134	0.090	(0.044)
Earning per share of continuing operation (Euro)						
<i>Basic e diluted</i>	0.233	0.396	0.163	0.132	0.090	(0.042)
Earning per share of discontinuing operation (Euro)						
<i>Basic e diluted</i>	0.004	-	(0.004)	0.002	-	(0.002)

CONSOLIDATED BALANCE SHEET			
	30.09.2020	31.12.2020	30.09.2021
<i>€mln.</i>			
Non-current assets	12,109	11,883	12,507
Non-current liabilities	(2,146)	(1,996)	(2,186)
Capital assets	9,963	9,887	10,321
Inventories	2,868	1,164	2,147
Trade receivables	2,992	3,033	3,128
Trade payables	(3,179)	(3,619)	(3,002)
Working capital	2,681	578	2,273
Provisions for short-term risks and charges	(1,180)	(1,318)	(1,176)
Other net current assets (liabilities)	(560)	(598)	(827)
Net working capital	941	(1,338)	270
Net invested capital	10,904	8,549	10,591
Equity attributable to the Owners of the Parent	5,068	5,267	5,891
Equity attributable to non-controlling interests	11	11	10
Equity	5,079	5,278	5,901
Group Net Debt	5,884	3,318	4,690
Net (assets)/liabilities held for sale	(59)	(47)	-

CONSOLIDATED CASH FLOW STATEMENT		
	9M 2020	9M 2021
<i>€mln.</i>		
Cash flows used in operating activities	(2,444)	(1,022)
Dividends received	53	26
Cash flow from ordinary investing activities	(205)	(391)
Free operating cash flow (FOCF)	(2,596)	(1,387)
Strategic investments	(200)	(20)
Change in other investing activities	1	3
Net change in loans and borrowings	1,335	(364)
Dividends paid	(81)	0
Net increase/(decrease) in cash and cash equivalents	(1,541)	(1,768)
Cash and cash equivalents at 1 January	1,962	2,213
Exchange rate gain/losses and other movements	(16)	22
Cash and cash equivalents at 30 September	405	467

CONSOLIDATED FINANCIAL POSITION			
<i>€mln.</i>	30.09.2020	31.12.2020	30.09.2021
Bonds	3,199	3,220	2,451
Bank debt	1,932	896	1,270
Cash and cash equivalents	(405)	(2,213)	(467)
Net bank debt and bonds	4,726	1,903	3,254
Current loans and receivables from related parties	(147)	(149)	(65)
Other current loans and receivables	(36)	(18)	(18)
Current loans and receivables and securities	(183)	(167)	(83)
Hedging derivatives in respect of debt items	(3)	(6)	10
Other related-party loans and borrowings	696	881	834
Leasing liabilities	507	525	532
Related-party leasing liabilities	31	30	30
Other loans and borrowings	110	152	113
Group net debt	5,884	3,318	4,690

EARNINGS PER SHARE			
	9M 2020	9M 2021	Var. YoY
Average shares outstanding during the reporting period (in thousands)	575,043	575,203	160
Earnings/(losses) for the period (excluding non-controlling interests) (€ million)	136	228	92
Earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	134	228	94
Earnings/(losses) - discontinued operations (excluding non-controlling interests) (€ million)	2	-	(2)
BASIC AND DILUTED EPS (EUR)	0.237	0.396	0.159
BASIC AND DILUTED EPS from continuing operations	0.233	0.396	0.163

9M 2020 (Euro million)	Helicopters	Defence Electronics & Security	Aeronautics	Space	Other activities	Eliminations	Total
New orders	3,154	4,499	1,172	-	89	(404)	8,510
Order backlog 31.12.2020	12,377	13,449	10,696	-	87	(1,093)	35,516
Revenues	2,642	4,418	2,285	-	297	(617)	9,025
EBITA	219	317	95	(1)	(133)	-	497
<i>EBITA margin</i>	8.3%	7.2%	4.2%	<i>n.a.</i>	(44.8%)	<i>n.a.</i>	5.5%
EBIT	192	259	84	(1)	(139)	-	395
Amortisation	59	100	99	-	54	-	312
Investments	92	132	70	-	40	-	334
Workforce (no.) 31.12.2020	12,326	24,504	11,278	-	1,774	-	49,882

9M 2021 (Euro million)	Helicopters	Defence Electronics & Security	Aeronautics	Space	Other activities	Eliminations	Total
New orders	2,391	5,457	1,908	-	98	(588)	9,266
Order backlog	11,945	14,342	10,128	-	80	(1,260)	35,235
Revenues	2,719	4,737	2,492	-	285	(669)	9,564
EBITA	223	425	91	37	(169)	-	607
<i>EBITA margin</i>	8.2%	9.0%	3.7%	<i>n.a.</i>	(59.3%)	<i>n.a.</i>	6.3%
EBIT	208	394	(21)	37	(173)	-	445
Amortisation	61	107	49	-	57	-	274
Investments	143	151	62	-	35	-	391
Workforce (no.)	12,374	24,754	11,232	-	1,779	-	50,139

3Q 2020 (Euro million)	Helicopters	Defence Electronics & Security	Aeronautics	Space	Other activities	Eliminations	Total
New Orders	628	1,641	194	-	24	(81)	2,406
Revenues	949	1,521	772	-	102	(197)	3,147
EBITA	80	151	19	9	(54)	-	205
<i>EBITA margin</i>	8.4%	9.9%	2.5%	<i>n.a.</i>	(52.9%)	<i>n.a.</i>	6.5%
EBIT	65	136	14	9	(56)	-	168
Amortisation and depreciation	20	33	30	-	18	-	101
Investments	58	45	15	-	13	-	131

3Q 2021 (Euro million)	Helicopters	Defence Electronics & Security	Aeronautics	Space	Other activities	Eliminations	Total
New Orders	382	1,839	568	-	15	(220)	2,584
Revenues	829	1,537	981	-	90	(218)	3,219
EBITA	75	128	44	14	(54)	-	207
<i>EBITA margin</i>	9.0%	8.3%	4.5%	<i>n.a.</i>	(60.0%)	<i>n.a.</i>	6.4%
EBIT	71	118	(50)	14	(55)	-	98
Amortisation and depreciation	22	36	18	-	20	-	96
Investments	47	52	22	-	19	-	140

Leonardo, a global high-technology company, is among the top world players in Aerospace, Defence and Security and Italy's main industrial company. Organized into five business divisions, Leonardo has a significant industrial presence in Italy, the United Kingdom, Poland and the USA, where it also operates through subsidiaries that include Leonardo DRS (defense electronics), and joint ventures and partnerships: ATR, MBDA, Telespazio, Thales Alenia Space and Avio. Leonardo competes in the most important international markets by leveraging its areas of technological and product leadership (Helicopters, Aircraft, Aerostructures, Electronics, Cyber Security and Space). Listed on the Milan Stock Exchange (LDO), in 2020 Leonardo recorded consolidated revenues of €13.4 billion and invested €1.6 billion in Research and Development. The company has been part of the Dow Jones Sustainability Index (DJSI) since 2010 and has been named as sustainability global leader in the Aerospace & Defence sector for the second year in a row of DJSI in 2020.

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