LEONARDO: IN THE FIRST QUARTER OF 2017 HIGHER ORDERS AND IMPROVED PROFITABILITY

News / Finance, Manufacturer



- **New Orders at about EUR 2.6 billion, higher than 1Q2016. Book-to-bill improved at 1.1**
- **Solid and continuous improvement of EBITA (+14%) and EBIT (+16%). RoS at 7.6%**
- **Net Result Before Extraordinary Transactions at EUR 78 million, almost 40% higher**
- **Significantly improved Group Net Debt at EUR 3.3 billion, thanks to cash-in of the second installment of the advance payment on the EFA Kuwait contract**
- **2017 Guidance confirmed**

Leonardo's Board of Directors, convened under the Chairmanship of Gianni De Gennaro, examined and unanimously approved the results of the first quarter 2017.

The Board of Directors expressed a heartfelt thanks to Leonardo's management and employees, acknowledging in the results achieved their crucial contribution and their active commitment to decisions and actions taken.

Highlights of 1Q2017 results are as follows:

- **New Orders**: amounted to **EUR 2,647 million**, 3% higher than 1Q2016. The book-to-bill ratio reached 1.1 compared to 1 of the same period of 2016.
- **Order Backlog**: amounted to **EUR 34,832 million** (+25% vs. March 2016). This is increasingly solid as it is built on a more rigorous selection of orders. The backlog ensures

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almost 3 years of equivalent production.

- **Revenues**: amounted to **EUR 2,476 million** -2,4% vs. 1Q2016, mainly because of lower volumes in *Helicopters*, and some negative GBP/€ forex effects.
- **EBITDA**: amounted to **EUR 330 million**, +1.2% compared to 326 million of 1Q2016. Also the EBITDA *margin* was higher at 13.3% compared to 12.9% of 1Q2016.
- **EBITA**: amounted to **EUR 187 million**, 14% higher than the 164 million of 1Q2016, mainly supported by *Aeronautics* and *Electronics*, which more than offset lower *Helicopters*. RoS was at 7.6%, 110 bp higher than the 6.5% of 1Q2016, mainly thanks to *Electronics*.
- **EBIT**: amounted to **EUR 155 million**, 15.7% higher than the 134 million of 1Q2016. Also the EBIT *margin*, at 6.3%, increased by 100 bp compared to 5.3% of 1Q2016.
- **Net Result before extraordinary transactions**: amounted to **EUR 78 million**, 39.3% higher than the 56 million of 1Q2016 thanks to improved EBIT.
- **Net Result**: amounted to **EUR 78 million**, in absence of extraordinary transactions, 21.9% higher than the 64 million of 1Q2016, which benefitted from the capital gain on the disposal of FATA.
- **Free Operating Cash Flow (FOCF)**: amounted to negative **EUR 427 million**, 51.3% better that the negative 876 million of 1Q2016 also thanks to the collection of the second advance payment on the EFA Kuwait contract, albeit confirming the usual seasonality of the period.
- **Group Net Debt**: amounted to **EUR 3,254 million**, 958 million lower (-22.7%) than the 4,212 million at 31 March 2016 thanks to a positive cash performance.

Outlook

In consideration of the results achieved in the first quarter of 2017 and of the expectations for the following ones, we confirm the guidance for the entire year that were made at the time of the preparation of the financial statements at 31 December 2016.

Group (Euro million)	**1Q 2017**	**1Q 2016**	**Chg.**	**Chg. %**	**FY 2016**
New Orders	2,647	2,564	83	3,2%	19,951
Order backlog	34,832	27,863	6,969	25,0%	34,798
Revenues	2,476	2,536	(60)	(2,4%)	12,002
EBITDA	330	326	4	1,2%	1,907
EBITDA Margin	13,3%	12,9%	0,4 p.p.		15,9%
EBITA (*)	187	164	23	14,0%	1,252
ROS	7,6%	6,5%	1,1 p.p.		10,4%
EBIT (**)	155	134	21	15,7%	982
EBIT Margin	6,3%	5,3%	1,0 p.p.		8,2%
Net result before extraordinary transactions	78	56	22	39,3%	545
Net result	78	64	14	21,9%	507
Group Net Debt	3,254	4,212	(958)	(22,7%)	2,845
FOCF	(427)	(876)	449	51,3%	706
ROI	10,0%	8,2%	1,8 p.p.		16,9%

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ROE	7,1%	5,3%	1,8 p.p.		12,6%
Workforce (no.)	45,407	46,756	(1,349)	(2,9%)	45,631

(*)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 the Group's share of profit in the results of its strategic Joint Ventures (ATR, MBDA, Thales Alenia Space and Telespazio).

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