LEONARDO: THE BOD PROPOSES THE DISTRIBUTION OF A € 14 CENT. DIVIDEND AFTER SIX YEARS

News / Finance



- **Outstanding commercial performance with New Orders for EUR 20 billion. Book-to-bill ratio above 1 in all Sectors**
- **EBIT, EBITA and EBITDA higher than 2015 by 11%, 4% and 2% respectively**
- **Double-digit profitability target exceeded. 2016 RoS at 10.4%, with all Sectors above 10%**
- **Net Result Before Extraordinary Transactions at EUR 545 million, more than double 2015 at EUR 253 million**
- **Return on Invested Capital at 16.9%, 120 bp higher than 2015**
- **Group Net Debt 13% lower at EUR 2.8 billion, in line with the guidance and despite adverse forex impact**
- **In 2017 a further improvement in profitability is expected, together with solid cash generation and revenues in line with 2016. Group Net Debt is expected lower at around EUR 2.5 billion**

Leonardo's Board of Directors, convened under the Chairmanship of Gianni De Gennaro, **examined and unanimously approved the draft of Group consolidated and Leonardo S.p.A. financial statements at 31 December 2016**.

Mauro Moretti, Leonardo CEO and General Manager commented "*I'm particularly proud of presenting today to our shareholders a radically different company: more transparent, agile, focused, effective, efficient and with a more solid balance sheet. A company that, thanks to the positive 2016 results, showing a material debt reduction, proposes again the distribution of dividends as a key element of the shareholders remuneration and a clear sign of a new normality and sustainability. Leonardo is now in the best condition to face the next Development and Growth phase and to play an important role in the global markets through its cutting edge technologies*

and solutions".

2016 results highlights are as follows:

- **New Orders**: amounted to **EUR 19,951 million**, materially higher (+61%) than 2015, mainly due to the acquisition of the contract for the supply of 28 Eurofighter Typhoon aircraft to the Kuwaiti Ministry of Defence, for an overall value of approx. €bil. 7.95, and despite a negative impact from the GBP/€ exchange rate for approximately 400 million. Consequently, the book-to-bill ratio reached 1.7.

- **Order Backlog**: amounted to **EUR 34,798 million** (+21% vs. 2015). This is increasingly solid as it is built on a more rigorous selection of orders. The backlog ensures almost 3 years of equivalent production.

- **Revenues**: amounted to **EUR 12,002 million** (-7,6% vs. 2015). This is due to the reduction in Helicopters, affected by some weakness in civil markets caused by though market conditions in Oil&Gas, to the change in perimeter namely in DRS and FATA and to the negative impact of the GBP/€ exchange rate (ca. 300 million).

- **EBITDA**: amounted to **EUR 1,907 million**, 2.2% higher than the 1,866 million of 2015. Also the EBITDA margin, at 15.9%, increased by 150 bp compared to 14.4% of 2015.

- **EBITA**: amounted to **EUR 1,252 million**, 3.6% higher than the 1,208 million of 2015, despite softer revenues and the negative impact of the GBP/€ exchange rate for about 30 million. RoS was at 10.4%, 110 bp higher than the 9.3% of 2015 thanks to improvements reported in all sectors and stable results in Helicopters, despite the difficulties encountered in target markets.

- **EBIT**: amounted to **EUR 982 million**, 11.1% higher than the 884 million of 2015. Also the EBIT margin, at 8.2%, increased by 140 bp compared to 6.8% of 2015.

- **Net Result before extraordinary transactions**: amounted to **EUR 545 million**, 115.4% higher than the 253 million of 2015 thanks to improved EBITA, a reduced volatility of below-the-line items and a reduction in financial costs and a lower tax impact

- **Net Result**: amounted to **EUR 507 million**, 20 million lower than the 527 million of 2015 mainly due to a lower contribution of Extraordinary Transactions compared to 2015, which benefited from significant capital gain from the disposal of the Transportation sector to Hitachi (€ mil. 274). 2016 also reflects the effects of the reorganization of assets with Sukhoi in Aeronautics and the sale of the Environmental business of DRS, net of the capital gain on the disposal of FATA.

- **Free Operating Cash Flow (FOCF)**: amounted to **EUR 706 million**, more than double (+130%) the 307 million of 2015. The figure for 2016 also reflects the net impact of the first advance payment for the Eurofighter Kuwait, higher compared than initially expected. However, the total cumulated 2016 and 2017 net impact is still expected to amount to approx. EUR 600 million is reconfirmed.

- **Group Net Debt**: amounted to **EUR 2,845 million**, 433 million lower (-13.2%) than the 3,278 million at 31 December 2015 thanks to an improved cash performance and despite significantly negative exchange differences impacting over 200 million. This improvement and a more solid financial structure allowed a further reduction in the debt-to-equity ratio to

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0.65 in 2016, already below 1 from 2015.
- Leonardo: the BoD proposes the distribution of a € 14 cent. dividend after six years

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