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Oggetto	:	Leonardo’s Shareholders’ Meeting approves 2018 Financial Statements, the distribution of a € 0.14 dividend p.s. and the Remuneration Report

Testo del comunicato

Vedi allegato.

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PRESS RELEASE

Leonardo's Shareholders' Meeting approves 2018 Financial Statements, the distribution of a € 0.14 dividend p.s. and the Remuneration Report

- **Company Financial Statements for 2018 approved**
- **Distribution of a € 0.14 dividend approved**
- **Integration of the Board of Statutory Auditors approved**
- **Remuneration Report approved**
- **Leonardo's Articles of Association on gender balance in the composition of the management and control bodies amended**
- **Sustainability and Innovation Report 2018, which represents the Consolidated Non-Financial Statement for 2018, presented**
- **Relevant attendance by institutional shareholders, mostly international, representing approx 64.3% of the share capital**

Rome, 16 May 2019 – The Shareholders' Meeting of Leonardo Spa, convened today in Rome, has resolved on the followings

Financial Statements for 2018

Leonardo's Shareholders' Meeting approved the Company's Financial Statements for 2018 and examined the Consolidated Financial Statements.

Key economic and financial data at 31 December 2018

2018 results are consistent with the priority objective of growth set out in the Industrial Plan. Most notable is a significant increase in New Orders and Revenues, with a Backlog of over € 36 bn, which supports further growth in the coming years.

Volume growth was accompanied by solid operating profits, a significant increase in the Net Result and a cash generation which confirmed the Guidance revised upwards last July.
2018 results highlights are as follows:

- **New Orders,** amounted to **EUR 15,124 million** showed an increase of c.30% compared to 2017 (€ 11.595 million) mainly due to the acquisition of the NH90 order in Qatar worth € 3 bn
- **Order Backlog,** amounted to **EUR 36,118 million**, an increase of 7.8% compared to 2017, a record high and ensuring a coverage in terms of equivalent production equal to about three years
- **Revenues,** amounted to **EUR 12,240 million**, an increase of 4.3% compared to 2017 (€ 11.734 million), which is even more significant excluding the adverse exchange rate effect, key drivers were of *Electronics, Defence & Security Systems and Helicopters*

- **EBITA,** amounted to **EUR 1,120 million with RoS of 9.2%**, showed an increase compared to 2017 (€ 1,077 mln, RoS of 9.2%), mainly due to higher volumes and profitability recorded in *Helicopters* and to the good performance of *Aircraft* - whose higher contribution more than offset a decline in the result posted by the GIE-ATR Consortium, impacted by the mix of deliveries made and the USD/EUR exchange rate – and of the *Electronics, Defence and Security Systems Division*
- **EBIT,** amounted to **EUR 715 million**; the improvement in EBITA was absorbed by the considerable costs allocated in relation to restructuring costs relating to Law 92/2012 ("Fornero Act", about € 170 mln), resulting in a reduction of € 129 mln in EBIT compared to the prior year.
- **Net Result before extraordinary transactions,** amounted **to EUR 421 million**, benefitted to a significant extent from much lower financial costs linked to buy-back transactions completed in 2017, which were partially offset by restructuring costs arising from the start of the procedure under Law 92/2012 (Fornero Act - about € 170 mln).
- **Net Result,** amounted to **EUR 510 million**, (€ 279 mln at 31 December 2017), benefitted from this improvement in financial costs, as well as from the release of part of the provision set aside against guarantees given upon the disposal of Ansaldo Energia.
- **Group Net Debt,** amounted to **EUR 2,351 million**, a reduction of 8.8% compared to 31 December 2017 (€ 2.6 bn).
- **Free Operating Cash Flow (FOCF),** amounted to **EUR 336 million**, (€ 537 mln at 31 December 2017), was affected by the cash profile of the EFA Kuwait contract in the two comparative periods, arising from the start of production operations as expected, and which was partially offset by the advance payments relating to the NH 90 Qatar contract.

Outlook

The full year 2018 was the first fundamental step in the path outlined last year for the Industrial Plan. The expected performance in 2019 shows a confirmed growth trend, with a further increase in Revenues and improved profitability accompanied by stronger cash flow management in order to support growth and ensure the balance between investments and cash generation.

Specifically, for 2019 Leonardo expects

- To confirm high levels of new Orders (€ 12.5 – 13.5 bn) thanks to the finalisation of major export orders underpinned by the full implementation of the new commercial strategy aimed at addressing the Group key markets in a more effective manner and enhancing the One Company potential
- Revenues in the range of € 12.5 – 13.0 bn, up from 2018 thanks to the contribution from the EFA Kuwait programme, the stable order backlog, which had grown further in 2018, and a good positioning of the Group's products in the more attractive market segments
- Increased EBITA in the range of € 1,175 - 1,225 mln supported by growth in volumes, improvements in profitability in the various business areas and efficiency actions involving industrial processes and costs
- FOCF of around € 200 mln which reflects the significant cash absorption of the EFA Kuwait contract due to the production ramp-up ahead of deliveries scheduled from 2020
- Group Net Debt of around € 2.8 bn including the effect of IFRS 16 (about € 0.4 - 0.5 bn)

Below are estimates for the financial year 2019:

	2018 financial statements figures	*Outlook 2019* (*)
New Orders (€bn.)	15.1	12.5 – 13.5
Revenues (€bn.)	12.2	12.5 – 13.0
EBITA (€mln.)	1,120	1,175 – 1,225
FOCF (€mln.)	336	ca. 200
Group Net Debt (€bn.)	2.4	ca. 2.3 / 2.8 (**)

(*) Assuming an exchange rate €/USD of 1.25 and €/GBP of 0.9.

(**) Including IFRS 16 effect (€ 0.4 – 0.5 bn)

2018 dividend

The Shareholders' Meeting approved the proposal to distribute a dividend equal to 0.14 euros,from the profit of the year 2018, before tax, if any, with reference to each share of common stock that will be outstanding on the ex-dividend date, excluding the own shares held on that date, without prejudice to the regime of those that will be effectively assigned, pursuant to the current incentive plans, during the current year.
The dividend will be paid as of May 22, 2019, with record date May 21, 2019, after detachment of coupon no. 10 on May 20, 2019.

Integration of the Board of Statutory Auditors

The Shareholders' Meeting then proceeded with the integration of the Board of Statutory Auditors, following the resignation of Mr. Riccardo Raul Bauer from the office of Regular Auditor and Chairman of the Board of Statutory Auditors – occurred on 8 November 2018 – and the taking over on the same date in the aforementioned offices, pursuant to the law and the Articles of Association and until today's Meeting, by the Alternate Auditor Mr. Luca Rossi.
In particular, the Shareholders' Meeting resolved to appoint Luca Rossi as Regular Auditor and Giuseppe Cerati as Alternate Auditor (upon proposal presented by a group of asset management companies and institutional investors - approximately holding 1,06% of the share capital), as well to appoint Luca Rossi, among the Statutory Auditors designated by the minority, as Chairman of the Board of Statutory Auditors.
The Statutory Auditors appointed by today's Meeting have declared the possession of the requirements prescribed by law and by the Articles of Association, including the independence requirements set by the Consolidated Law on Finance and by the Corporate Governance Code.
Following today's resolutions, the Board of Statutory Auditors for the residual three-year period 2018-2020 is therefore composed as follows:
Regular Auditors: Luca Rossi (Chairman), Sara Fornasiero, Francesco Perrini, Leonardo Quagliata and Daniela Savi. Alternate Auditors: Giuseppe Cerati and Marina Monassi.
The curricula of the new Auditors are available on the Company's website (www.leonardocompany.com).
The Board of Statutory Auditors will proceed to the assessment of the existence of independence requirements for the new members, in accordance with the law and the Corporate Governance Code.

Remuneration Report

The Shareholders' Meeting expressed a favorable vote (with 97.06% of the share capital represented at the Meeting) on the first section of the Remuneration Report, drawn up pursuant to Article 123-*ter* of the Consolidated Law on Finance.

Amendment of Articles of Association

The Meeting finally approved, in extraordinary session, the proposal to amend articles 18, 28 and 34 of the Leonardo's Articles of Association aimed at making permanent, in the composition of the administrative and control bodies, the presence of a minimum number (at least one third) of members belonging to the less represented gender

Sustainability and Innovation Report 2018

The Company presented to its Shareholders the Sustainability and Innovation Report 2018, approved by the Board of Directors on the 13th of March 2019, which represents the Consolidated Non-Financial Statement in accordance with Italian Legislative Decree no. 254/2016; it is drawn up according to the GRI Sustainability Reporting Standards by Global Reporting Initiative, adopting the option "core" and it is inspired by the International Integrated Reporting Council (IIRC) framework. By leveraging on its processes for the value creation and by relying on its model for responsible business conduct, the document aims at representing how Leonardo creates shared value and beneficial economic, environmental and social impacts in the long term. Impacts that contribute to the achievement of 4 Sustainable Development Goals (SDGs): the promotion of the scientific citizenship and of the innovation culture, the creation of qualified works, the regional development, the strengthening of the small and medium supply chain and the development of solutions for the society and the environment.

Attendance at the Shareholders' Meeting

The Shareholders' Meeting recorded a considerable attendance by institutional shareholders – mostly international – who were present with more than 64.3% of the share capital.

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A summary report of the voting will be made available on the Company's Website (www.leonardocompany.com), in compliance with Art. 125-*quater* of the Consolidated Law on Finance, within the prescribed term of five days after the Shareholders' Meeting.

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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.

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