



# SPAFID CONNECT

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approves 2019 Financial Statements

## *Testo del comunicato*

Leonardo's Shareholders' Meeting approves 2019 Financial Statements, the distribution of a € 0.14 dividend p.s. and the Remuneration Report, appoints the new Board of Directors and Luciano Carta Chairman

## **Leonardo's Shareholders' Meeting approves 2019 Financial Statements, the distribution of a € 0.14 dividend p.s. and the Remuneration Report, appoints the new Board of Directors and Luciano Carta Chairman.**

- Company Financial Statements for 2019 approved
- Sistemi Dinamici S.p.A. Financial Statements at 31 December 2019 approved
- Distribution of a € 0.14 dividend approved
- Appointed the new Board of Directors
- Remuneration Report approved
- Sustainability and Innovation Report 2019, which represents the Consolidated Non-Financial Statement for 2019, presented
- Appointment of the independent auditors
- Relevant attendance by institutional shareholders, mostly international, representing approx 52% of the share capital represented at the Shareholders' Meeting

**Rome, 20 May 2020** – It should be noted that, in consideration of the COVID-19 health emergency and taking into account the regulatory provisions issued for the containment of the contagion, in compliance with art. 106, paragraph 4, of the Law Decree of 17 March 2020, no. 18 (converted with Law no. 27 of 24 April 2020), the attendance at the Shareholders' Meeting by the entitled parties took place exclusively through the representative appointed by the Company pursuant to art. 135-undecies of the Legislative Decree 24 February 1998, n. 58.

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

### **Financial Statements for 2019**

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 2019**

The 2019 year saw the full implementation of the growth project envisaged in the Industrial Plan, with results in line with or above the preset targets.

The significant increase in Revenues in all business sectors, driven by the success achieved in terms of sales, was accompanied by an increase in operating profit capable of also offsetting the lower contribution given by certain strategic joint ventures. The sustainability of this growth over the long term and the creation of value for the Group are guaranteed by the investments made in people, skills and innovative technologies.

The net result for the period, showing a considerable increase compared to the previous year, benefitted from sharp growth in the net result before extraordinary transactions, lower restructuring

**Leonardo**, a global high-technology company, is among the top ten 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 such as 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 2018 Leonardo recorded consolidated revenues of €12.2 billion and invested €1.4 billion in Research and Development. The Group has been part of the Dow Jones Sustainability Index (DJSI) since 2010 and became Industry leader of Aerospace & Defence sector of DJSI in 2019.

costs and a reduction in the amortisation and depreciation of assets arising from the Purchase Price Allocation, as well as from the effects arising from the transaction with Hitachi, classified under the result from "Discontinued operations".

In 2019 the Group Net Debt included the effect of the adoption of IFRS 16 on lease agreements for € 451 mln (€ 458 mln as at the date of initially application), the payment of dividends (€ 81 mln), the acquisition of Vitrociset (€ 110 mln, including the acquiree's net financial position of € 63 mln) and other minor acquisitions. Without these effects, the Group's Net Debt would have remained substantially unchanged compared to 2018.

2019 results highlights are as follows:

- **New Orders**, amounted to **EUR 14,105 million**. The orders gained in 2018 included the acquisition of the NH90 Qatar order for about € 3 bn in the segment of *Helicopters*; while excluding this event, the performance improved in all business sectors.
- **Order Backlog**, amounted to **EUR 36,513 million**, ensures a coverage in terms of equivalent production equal to more than 2.5 years
- **Revenues**, amounted to **EUR 13,784 million**, showed a significant increase (12.6%) compared to 2018 (€ 12.2 bn), which was mainly attributable to the *Defence Electronics & Security* and *Aeronautics Divisions*.
- **EBITA**, amounted to **EUR 1,251 million** showed significant growth compared to 2018 (€ 1,120 mln), thus confirming a sound profitability (ROS of 9.1%, in line with the previous year) as a result of an improvement recorded in the *Defence Electronics & Security*, *Helicopters* and *Aeronautics Divisions*, which more than offset a decline in the result posted by the *GIE-ATR Consortium* and in the manufacturing segment in the *Space* sector. The operating profit also reflected the investments made in strengthening the central units in support of the Group's path to growth.
- **EBIT**, amounted to **EUR 1,153 million**; showed, compared to 2018 (€ 715 mln), an increase equal to € 438 mln (+61.3%), which was due to an improvement in EBITA, as well as to a reduction in restructuring costs and the completion of a large part of the amortisation of intangible assets recognised upon the acquisition of *Leonardo DRS* (Purchase Price Allocation).
- **Net Result before extraordinary transactions**, amounted to **EUR 722 million**, mainly benefitted, compared to the previous year, from an improvement in the operating profit, net of related tax charge.
- **Net Result**, amounted to **EUR 822 million**, included the effects of the release of a large part of the provision set aside against the guarantees given upon the sale of the transport business of AnsaldoBreda S.p.A. following the subsequent signature of the transaction with Hitachi. The data for 2018 included the effects of the judgment of acquittal towards Ansaldo Energia and another minor transaction, which had led to the recognition of proceeds of € 89 mln among the result from Discontinued Operations.
- **Free Operating Cash Flow (FOCF)**, posted a positive value of € 241 mln (€ 336 mln in 2018).
- **Group Net Debt** amounted to **EUR 2,847 million**, reflects the positive impact of FOCF performance. However, compared to the value posted at 31 December 2018 (€ 2,351 mln), came to € 2,847 mln, mainly as a result of the recognition of financial liabilities arising from the application of IFRS 16 "Leases" (the effect on the Group Net Debt at 1 January 2019 was equal to € 458 mln), as well as of the impact on the net financial position of the Vitrociset transaction (€ 110 mln, including the acquiree's net financial position of € 63 mln) and the distribution of dividends (for € 81 mln). The effects of the adoption of the IFRS16 "Leases" on the 2019 financial

statements are reported in the Note on the “Effects of the new IFRS16 “Leases” of Report on operations.

### **COVID-19 effects on Leonardo Business**

As already highlighted in the 2019 Annual Financial Report, the COVID-19 emergency is impacting on the regular and ordinary performance of the Group's business activities, in a global context of serious economic recession and high uncertainty. The Group is not able to assess the full impact at this stage and so considers it prudent to suspend the 2020 Guidance disclosed in March.

Moreover, Italy was the first western country to be involved in the pandemic and therefore the Group since the first quarter has been more affected than others by the consequences of the measures issued by the authorities to contain the risk and protect the health of workers.

The measures taken to contain the spread of the virus and the effects of the health emergency affect the Group's production activities, program execution, supply chain and the possibility for customers to withdraw products and systems. On top of this there are the effects that the crisis will have on demand in the markets in which the Group operates, and in particular in that of the civil aeronautics.

The Group reacted promptly to the new scenario by implementing a series of measures aimed primarily at guaranteeing the full protection of the health and safety of employees, while preserving the continuity of its production, relating to business sectors considered strategic in the main countries in which the Group operates. These initiatives concern interventions aimed at (i) gradually recovering adequate productivity levels, (ii) limiting, through a thorough review of its cost base and level of investments, the economic and financial effects of COVID-19 and (iii) ensuring adequate financial liquidity to the Group.

The uncertainty about the severity and duration of the pandemic and the measures to contain the contagion as well as the impacts on the productive, economic and social fabric of the numerous countries in a state of partial or total "lockdown" in which the Group operates does not allow at present a quantification of the effects on the Group's performance in 2020.

The Company, as soon as it is able to see the full level and duration of impact, will promptly update shareholders.

The Board of Directors, taking into account the Company's backlog and the commercial performance achieved in the first quarter, believes that the Group's medium-long term prospects remain intact

### **Sistemi Dinamici S.p.A. Financial Statements at 31 December 2019**

The Shareholders resolved to approve Sistemi Dinamici S.p.A. financial statements at 31 December 2019.

### **2019 dividend**

The Shareholders' Meeting approved the proposal to distribute a dividend of 0,14 euro from the profit of the year 2019, gross of any withholding taxes, 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.

This dividend will be payable as of June 24, 2020, with record date (i.e. the date of entitlement to the dividend payment) June 23, 2020, and after detachment of coupon no. 11 on ex-dividend date 22 June 2020.

## Board of Directors' appointment

The Shareholders' Meeting, having determined the number of its members in 12 and fixing the duration of the relevant mandate in three years, appointed the new Board of Directors of the Company for the three-year period 2020-2022, which will end with the Shareholders' Meeting Convened for approval of the financial statements at 31 December 2022.

The new Board of Directors is composed as follows:

- Luciano Carta (1) (\*)
- Alessandro Profumo (1)
- Carmine America (1) (\*)
- Pierfrancesco Barletta (1) (\*)
- Elena Comparato (1)
- Paola Giannetakis (1) (\*)
- Federica Guidi (1) (\*)
- Maurizio Pinnarò (1) (\*)
- Dario Frigerio (2) (\*)
- Marina Rubini (2) (\*)
- Patrizia Michela Giangualano (2) (\*)
- Ferruccio Resta (2) (\*)

(1) Taken from the list submitted by the shareholder Ministry of the Economy and Finance, which owns about 30,204% of the share capital, which, at the vote, has obtained the voting majority (about 57.07% of the share capital represented at the Shareholders' Meeting)

(2) Taken from the list submitted by a group of savings management companies and institutional investors, holding altogether about 1,350% of the share capital, which, at the vote, has obtained the voting minority (about 42.59% of the share capital represented at the Shareholders' Meeting).

(\*) Candidate who has declared that the requirements of independence, laid down by law and by the Corporate Governance Code, have been met.

The new Directors' curricula are available on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com)). The Shareholders' Meeting also appointed Luciano Carta Chairman of the Company's Board of Directors, also determining the remuneration of the Board of Directors (euro 90,000.00 per year gross for the Chairman of the Board of Directors, Euro 80,000.00 per year gross for each of the other Directors).

The new Board of Directors will proceed, at the first possible meeting, to the assessment of the existence of independence requirements for its members in accordance with the law and the Corporate Governance Code.

## Remuneration Report

With reference to the Report on the remuneration policy and the fees paid, the Shareholders' Meeting approved - in compliance with the reference legislation - with binding resolution the first section of

the Report (with 96.83% of the share capital represented at the Meeting) and with non-binding resolution the second section of the Report (with 72.71% of the share capital represented at the Meeting).

## **Sustainability and Innovation Report 2019**

The Company presented to its Shareholders the 2019 Sustainability and Innovation Report. It describes how Leonardo creates value and positive impacts in the long term from an economic, environmental and social perspective, the relevant topics for the company and its stakeholders (“material topics”) and the contribution to the achievement of the UN Sustainable Development Goals (SDGs).

The 2019 Sustainability and Innovation Report represents the Consolidated Non-Financial Statement in accordance with Italian Legislative Decree no. 254/2016. The document is drawn up according to the GRI Sustainability Reporting Standards by Global Reporting Initiative, adopting the option “core”, and takes into consideration the SASB standards (Sustainability Accounting Standards Board), the International Integrated Reporting Council (IIRC) framework and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## **Appointment of the independent auditors**

Lastly, today's Shareholders' Meeting resolved, on a well-grounded proposal by the Board of Statutory Auditors pursuant to the reference legislation, to confer the task of statutory audit of the accounts for the nine years 2021-2029 to the company EY S.p.A.

## **Attendance at the Shareholders' Meeting**

The Meeting recorded a considerable attendance by institutional shareholders – mostly foreign – who were present with approx 52% of the share capital represented at the Shareholders' Meeting.

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A summary report of the voting will be made available on the Company's Website ([www.leonardocompany.com](http://www.leonardocompany.com)), in compliance with and within the terms referred to in Art. 125-*quater* of the Consolidated Law on Finance.

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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.

Fine Comunicato n.0131-41

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