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Diffusione presunta

Oggetto : Important strategic move by Leonardo in the rapidly growing force protection market: Leonardo DRS and RADA agree to an all-stock merger

Testo del comunicato

Vedi allegato.

PRESS RELEASE

Important strategic move by Leonardo in the rapidly growing force protection market: Leonardo DRS and RADA agree to an all-stock merger

- Leonardo is strengthening its leadership position in the rapidly growing force protection market
- Leonardo has recently focused the portfolio of DRS through the previously announced entry into agreements to divest GES and AAC and is now, with RADA, making a significant strategic step forward, reinforcing the company around its core business of sensors and integrated systems, resulting in higher growth and further margin expansion
- The combination is an excellent fit strategically, commercially and financially
- The transaction also seizes the opportunity of listing Leonardo DRS in the current context of highly volatile markets, thus delivering on promises

Rome, 21/06/2022 – Leonardo announced today that its US subsidiary Leonardo DRS and RADA Electronic Industries Ltd. have entered into a definitive agreement to create a newly combined public company.

RADA Electronic Industries Ltd. (NASDAQ: RADA, TASE: RADA) (“RADA”) is a leading provider of advanced software-defined military tactical radars. The company is a leader in mini-tactical radars, serving attractive, high-growth markets, including critical infrastructure protection, border surveillance, active military protection and counter-drone applications. RADA is listed on the NASDAQ and Tel Aviv stock exchanges.

Alessandro Profumo, Leonardo CEO, stated: *“We are delighted to announce this important strategic move by Leonardo in the rapidly growing force protection market, which is at the core of today’s and tomorrow’s defence market. There is an excellent fit between our US subsidiary Leonardo DRS and RADA: strategically, commercially and financially. As promised, we have focused the Leonardo DRS portfolio and we are now reinforcing DRS with RADA in core strategic businesses, providing growth, further margin expansion and opportunities in the wider Leonardo Group. We have agreed to an all-stock merger transaction, also seizing the opportunity of listing DRS in the current context of volatile markets, thus delivering on what we promised last year.”*

In recent years, Leonardo has successfully reinforced Leonardo DRS competitive positioning, delivering on promises, focusing it on its core business, through the previously announced disposition of GES and AAC and now making a significant strategic step forward, with the combination with Rada, adding a strong business in active defense solutions.

Leonardo DRS and RADA combined are expected to generate strong growth fueled by their competitive product suite addressing the core needs of their customers.

“The combination of RADA’s tactical radar capabilities and Leonardo DRS’ strength as a premier mid-tier defense provider make the combined company a leader in the rapidly growing force protection market, increases our addressable market, expands international opportunities and ultimately unlocks value for shareholders,” said William J. Lynn III, CEO of Leonardo DRS.

RADA is also an excellent fit within Leonardo Group, as it provides an enhanced value proposition with its advanced tactical radars complementary to Leonardo's sensor portfolio, enabling a stronger position and integrated approach in emerging sectors in the tactical operating environment. It also adds a domestic presence in Israel and supports the development of the international market for Leonardo, and at the same time allowing RADA to access opportunities in European and export markets and programmes, leveraging Leonardo's global presence.

Leonardo DRS will acquire 100% of the share capital of RADA in exchange for 19.5% equity ownership to RADA shareholders in Leonardo DRS, with Leonardo maintaining 80.5% in Leonardo DRS through its US subsidiary Leonardo US Holding (subject to approval of the stockholders of RADA and other closing conditions including the receipt of certain regulatory approvals).

Upon closing of the transaction, expected in the fourth quarter of 2022, Leonardo DRS is expected to be listed on NASDAQ and TASE under the new ticker symbol "DRS."

Advisors

Evercore is serving as financial advisor to RADA and J.P. Morgan Securities LLC is serving as financial advisor to Leonardo DRS. DLA Piper LLP and S Friedman & Co. are serving as legal advisors to RADA and Sullivan & Cromwell LLP and Herzog Fox & Neeman are serving as legal advisors to Leonardo DRS.

Conference Call

Leonardo will host a conference call **today at 8:00 a.m. CEST / 7:00 a.m. BST / 2:00 am ET.**

Conference call details

ITALY: 02 8020911

UK: +44 1 212818004

USA: +1 718 7058796

Webcast link: <https://87399.choruscall.eu/links/leonardo220621.html>

An audio-only replay will be available at
+39 02 802 09 87 → 700703# followed by 703#

Forward-Looking Statements

This communication contains statements that constitute “forward-looking statements,” including with respect to the proposed merger of Leonardo DRS, Inc. (“DRS”) and RADA Electronic Industries Limited (“RADA”) and its impact, if completed, on the combined company’s business. Forward-looking statements are subject to numerous conditions, many of which are beyond our control. Neither Leonardo, RADA nor DRS undertake any obligation to update these statements, except as required by law.

ADDITIONAL INFORMATION ABOUT THE TRANSACTION AND WHERE TO FIND IT

DRS will file with the U.S. Securities and Exchange Commission (SEC) a registration statement on Form S-4, which will include a prospectus of DRS, and certain other documents in connection with the transaction. **SHAREHOLDERS OF RADA ARE URGED TO READ THE PROSPECTUS AND ANY OTHER DOCUMENTS FILED OR TO BE FILED WITH THE SEC IN CONNECTION WITH THE TRANSACTION WHEN THEY BECOME AVAILABLE, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT DRS, RADA, THE TRANSACTION AND RELATED MATTERS.** The registration statement and prospectus and other documents filed or furnished by DRS and RADA with the SEC, when filed, will be available free of charge at the SEC’s website at www.sec.gov. Alternatively, stockholders will be able to obtain free copies of the registration statement, prospectus and other documents which will be filed or furnished with the SEC by DRS by contacting DRS at +1 877-538-0912 or 2345 Crystal Drive Suite 1000 Arlington, Virginia 22202.

NO OFFER OR SOLICITATION

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Leonardo a global high-technology company, is among the top world players in Aerospace, Defense 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 Solutions and Space). Listed on the Milan Stock Exchange (LDO), in 2021 Leonardo recorded consolidated revenues of €14.1 billion and invested €1.8 billion in Research and Development. The company has been part of the Dow Jones Sustainability Indices (DJSI) since 2010 and has been confirmed among the global sustainability leaders in 2021. Leonardo is also included in the MIB ESG index.

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