LEONARDO 1Q 2018 REVENUES UP 4%

News / Finance, Manufacturer

· **Clear signs of recovery in Helicopters**

· **FY 2018 Guidance confirmed**

· **Steps forward in the execution of the Industrial Plan to strengthening commercial approach: «Leonardo International»**

First quarter results in line with expectations

· New order intake at € 2.2 billion

· Revenues at € 2.5 billion

· EBITA at € 153 million and Profitability (RoS) at 6.2%

· FOCF amounted to negative € 1.1 billion, in line with the usual seasonal trend

· Group Net Debt at € 3.6 billion

Alessandro Profumo, Leonardo CEO, commented: "*First quarter 2018 results are in line with expectations. Our Helicopters business is on track showing clear signs of recovery. We are fully focused on executing the Industrial Plan: we have approved the «Leonardo International» creation with the aim of strengthening our presence across international markets, leveraging the «One Company» model, ensuring a unified presence towards customers and stakeholders*".

The results for the first quarter were substantially in line with those recorded in the same period of the previous year, as restated to take into account the application of the new accounting standard on revenue (IFRS 15) from 1 January 2018.

Highlights of 1Q 2018 results are as follows:

· **New Orders**: amounted to **EUR 2,164 million**, showed a decline of 18.2%, mainly due to major contracts booked in 2017 in Aeronautics for activities in support to the EFA aircraft fleet for the period from 2017 to 2021

· **Order Backlog**: amounted to **EUR 33,360 million** compared to EUR 33,637 million at 31 December 2017

· **Revenues**: amounted to **EUR 2,451 million** +3.8% vs. 1Q 2017, higher mainly due to the growth reported in Helicopters, which had been affected by a lower number of deliveries in 2017 made in the civil segment

· **EBITA**: amounted to **EUR 153 million**, compared to EUR 155 million in 1Q 2017

· **EBIT**: amounted to **EUR 121 million**, compared to EUR 123 million in 1Q 2017

· **Net Result before extraordinary transactions**: amounted to EUR 50 million, compared to EUR 49 million in 1Q 2017

· **Net Result**: **amounted to EUR 50 million**, equal to the net result before extraordinary transactions on account of the absence of extraordinary transactions.

· **Free Operating Cash Flow (FOCF)**: amounted to **negative EUR 1,057 million**, in line with the Group's seasonal trend to record considerable cash outflows during the first quarters, while the value for the first quarter of 2017 had benefitted from the substantial contribution from the EFA Kuwait contract, as a result of the collection of the second advance payment during the quarter

· Group Net Debt: amounted to **EUR 3,595 million** mainly as a result of cash outflows for the period

Outlook

In consideration of the results achieved in the first quarter of 2018 and of the expectations for the following ones, we confirm the Guidance for the full year that was made at the time of the preparation of the financial statements at 31 December 2017.

Group (Euro million)	**1Q 2018**	**1Q 2017 restated**	**Chg.**	**Chg. %**	**FY 2017 restated**
New orders	2.164	2.647	(483)	(18,2%)	11.595
Order backlog	33.360	35.189	(1.829)	(5,2%)	33.637
Revenues	2.451	2.361	90	3,8%	11.734
EBITDA (*)	251	298	(47)	15,8%)	1.602

EBITA (**)	153	155	(2)	(1,3%)	1.077
ROS	6,2%	6,6%	(0,4) p.p.		9,2%
EBIT (***)	121	123	(2)	(1,6%)	844
EBIT Margin	4,9%	5,2%	(0,3) p.p.		7,2%
Net result before extraordinary transactions	50	49	1	2,0%	279
Net result	50	49	1	2,0%	279
Group Net Debt	3.595	3.254	341	10,5%	2.579
FOCF	(1.057)	(427)	(630)	(147,5%)	537
ROI	8,4%	8,5%	(0,1) p.p.		15,4%
ROE	4,8%	4,6%	0,2 p.p.		6,5%
Workforce (no.)	45.606	45.407	199	0,4%	45.134

(*) *EBITDA is obtained eliminating from EBITA the amortization and depretiation 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.*

(**) *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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