LEONARDO: FIRST HALF 2017 PROGRESS CONFIRMS GROWING ORDERS AND PROFITABILITY

News / Finance, Manufacturer

- **New Orders at EUR 5.1 billion, higher than 1H2016 net of the EUR 8 billion EFA Kuwait contract booked in the second quarter 2016**
- **Stable revenues and solidly improving profitability with ROS at 9.0%**
- **Lower Group Net Debt at EUR 3.6 billion, also thanks to receipt of the second installment of the advance payment on the EFA Kuwait contract in first quarter while also after outflows for strategic investments (overall 168 million) and dividends (81 million)**
- **2017 Full Year guidance confirmed**

The **Board of Directors of Leonardo**, convened today under the chairmanship of Gianni De Gennaro, has examined and unanimously approved the Half-Year Financial Report at 30 June 2017.

Alessandro Profumo, **CEO of Leonardo**, commented "*The first half results confirm Leonardo's solidity and everyone's commitment in pursuing our challenging targets of cash generation, profitability and balance sheet robustness. The priority is to strengthen further our positioning in the international markets through a more effective commercial model, with the customer at its heart, leveraging on the quality of our technologies and products and on our people's competences*

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In more detail, the first half of the financial year show:

- **New Orders**: amounted to **EUR 5,061 million**, compared to EUR 12,867 million in the first half of 2016 (which had included the effect of the acquisition of the EFA Kuwait contract for an amount of €bil. 7.95). Adjusting for this, the amount of orders shows an increase of 3%. The book-to-bill ratio is equal to 0.95, showing an improvement (net of the effect of the EFA Kuwait contract) compared to 0.91 in 2016.
- **Orders backlog**: amounted to **EUR 33,923 million** (-3% compared to June 2016). This is increasingly solid as it is built on a more rigorous selection of orders. The backlog ensures more than 3 years of equivalent production.
- **Revenues**: amounted to **EUR 5,326 million**, -1.6% compared to the first half of 2016 due to the negative exchange rate effect deriving from the conversion of revenues in GBP.
- **EBITA**: amounted to EUR 482 million, +2.1% compared to the 472 million in the first half of 2016, supported by the results recorded in *Aeronautics* and *Electronics, Defence and Security Systems* which more than offset the drop in *Helicopters*. The ROS at 9.0% was 30 bp higher than the 8.7% in the first half of 2016.
- **EBIT**: amounted to **EUR 400 million**, substantially unchanged compared to the 399 million of the first half of 2016. The EBIT *margin*, at 7.5%, slightly increased compared to the 7.4% of the corresponding period of 2016.
- **Net Result before extraordinary transactions**: amounted to **EUR 194 million**, in line with the 200 million of the first half of 2016, which had benefitted for approx. €mil. 30, from particularly low financial charges due to positive foreign exchange differences, which were also reflected in the fair value of derivatives.
- **Net Result**: amounted to **EUR 194 million**, on account of the absence of extraordinary transactions. In contrast, the 210 million of the first half of 2016 benefitted from the capital gain arising from the disposal of Fata, equal to €mil. 10.
- **Free Operating Cash Flow (FOCF)**: negative **EUR 531 million**, materially improved (+33.0%) compared to the 793 million negative of the first half of 2016 also thanks to the receipt of the second advance payment on the EFA Kuwait contract, still confirming the usual seasonality.
- **Group Net Debt**: amounted to **EUR 3,577 million**, 656 million (-15,5%) better than the 4,233 at 30 June 2016 thanks to a positive cash performance during the second half of 2016, partly absorbed by the outlay arising from the acquisition of Daylight Solution and of the additional stakes in Avio (for an overall amount of €mil. 168) as well as by the payment of dividends (€mil. 81).

Outlook

Taking into consideration the results achieved in the first half of 2017 and expectations for the following months, **we confirm the Group Guidance for the full year 2017** that was made at the time of the preparation of the financial statements at 31 December 2016.

30 JULY 2017

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