

LEONARDO

Sector: Industrials

OUTPERFORM

Price: Eu63.88 - Target: Eu72.00

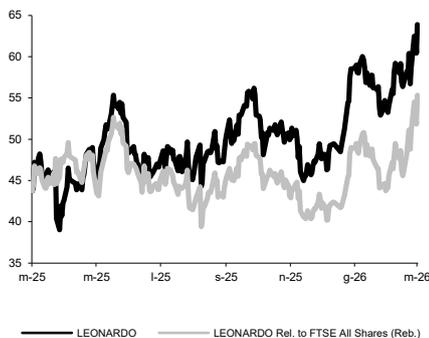
FY26 Guidance in Line, FY30 Targets Above Expectations

Enrico Coco +39-02-77115.230
 enrico.coco@intermonte.it

Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 63.00 to 72.00		
	2025A	2026E	2027E
Chg in Adj EPS	7.3%	-4.5%	-3.2%

LEONARDO - 12M Performance



Stock Data

Reuters code:	LDOF.MI		
Bloomberg code:	LDO IM		
Performance	1M	3M	12M
Absolute	19.9%	32.6%	46.1%
Relative	24.3%	31.2%	30.6%
12M (H/L)	63.88/39.04		
3M Average Volume (th):	2,913.52		

Shareholder Data

No. of Ord shares (mn):	578
Total no. of shares (mn):	578
Mkt Cap Ord (Eu mn):	36,932
Total Mkt Cap (Eu mn):	36,932
Mkt Float - Ord (Eu mn):	25,779
Mkt Float (in %):	69.8%
Main Shareholder:	
Italian Treasury	30.2%

Balance Sheet Data

Book Value (Eu mn):	10,544
BVPS (Eu):	18.24
P/BV:	3.5
Net Financial Position (Eu mn):	-398
Enterprise Value (Eu mn):	37,330

- Industrial Plan update.** After reporting preliminary FY25 results in line with expectations on 25th February, yesterday Leonardo presented an update to its industrial plan and provided FY26 guidance. While FY26 financial targets are in line with market expectations (except for the order intake, which is 8% higher), the updated medium-term financial targets are above consensus expectations (FY30 orders 8%, revenues +10%, EBITA and FOCF +11%) and in line with our estimates (FY30e EBITA Eu3.68bn). We note the strategic growth drivers (dual-use technology based on cyber, hypercomputing, data, AI to ensure multi-domain interoperability) are the same as in the previous plan, with focus now moving to execution. We also note the plan does not include the contribution of Bromo (Space JV with Airbus and Thales, expected to be operational in 2027) and Iveco Defence. Michelangelo is expected to contribute Eu6bn of aggregate orders (Eu3.5bn in revenues) by FY30.
- FY26 and FY30 financial targets:** the company disclosed full FY25 results (adj. net profit Eu1.01bn, +19% YoY; DPS Eu0.63, +21% YoY, in line with the growth in adj. net profit) and provided FY26 financial targets that were broadly in line with our estimates and consensus: orders Eu25bn (consensus Eu23.1bn), revenues Eu21bn (Eu20.9bn), EBITA Eu2.03bn (Eu2.03bn), FOCF Eu1.11bn (Eu1.08bn). Conversely, FY30 financial targets are 8-11% above consensus, mainly reflecting the cumulative contribution of Eu6bn in orders and Eu3.5bn in revenues from Michelangelo Dome over the plan horizon (concentrated in FY29-30). In detail, the plan assumes: orders at Eu32bn in FY30, a 2025-30 CAGR of 6% (this reflects the jumbo EFA Kuwait order booked in 2025) vs. pre-release consensus of Eu28.7bn; revenues at Eu30bn, a 2025-30 CAGR of +9% (consensus Eu27.7bn); EBITA at Eu3.59bn in FY30, a 2025-30 CAGR of 15% (consensus Eu3.25bn); FOCF at Eu2.06bn in FY30, a 2025-30 CAGR of 15% (consensus Eu1.86bn). CEO said the dividend will stay at 30-40% of EPS (implying a c.20% annual increase in DPS in the FY26-30 period). The plan also assumes Eu1.8bn of flexibility for M&A (other than Iveco Defence), with net debt/EBITDA down from 1.1x at FY25 pro-forma for Iveco Defence (Eu1.7bn cash-out, closing expected by March 2026) to <0.8x in FY28. No relevant updates on the aerostructures partnership with PIF (deconsolidation would be a positive catalyst) or the timing of the Space JV with Thales and Airbus.
- OUTPERFORM; target Eu72 (from Eu63):** we are fine-tuning our model, with FY26 estimates aligned to management's indications (revenues +2%, EBITA unchanged, FOCF -10%) and minor changes to FY30 projections, as we were already above consensus (revenues +6%, EBITA unchanged, FOCF -10%). We are lowering FOCF estimates as the capacity increase is included in the plan. We maintain our OUTPERFORM rating on the stock, raising the TP from Eu63 to Eu72 (target P/E 22x rolled over to FY28. PEG 1x based on expected growth of the following 3 years). The business model has shifted to technology (dual use, e.g. space) and electronics over industrial manufacturing (global security over defence), which supports higher multiples, in our view. The balance sheet and expected cash generation are strong, providing strategic and operational flexibility.

Key Figures & Ratios	2023A	2024A	2025A	2026E	2027E
Sales (Eu mn)	15,982	17,763	19,503	20,834	22,589
EBITDA Adj (Eu mn)	1,911	2,219	2,429	2,730	3,104
Net Profit Adj (Eu mn)	756	773	1,027	1,295	1,565
EPS New Adj (Eu)	1.314	1.344	1.785	2.251	2.721
EPS Old Adj (Eu)	1.314	1.344	1.831	2.356	2.810
DPS (Eu)	0.280	0.520	0.550	0.600	0.650
EV/EBITDA Adj	4.8	6.5	11.2	13.7	11.8
EV/EBIT Adj	6.8	9.4	15.5	18.4	15.3
P/E Adj	48.6	47.5	35.8	28.4	23.5
Div. Yield	0.4%	0.8%	0.9%	0.9%	1.0%
Net Debt/EBITDA Adj	1.2	0.8	0.4	0.1	-0.1

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL NOTICES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the web page CUSTOMER AREA.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities. Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Avenue, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: the prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 13 March 2026 Intermonte's Research Department covered 131 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	31.30%
OUTPERFORM:	38.17%
NEUTRAL:	30.53%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (75 in total) is as follows:

BUY:	52.00%
OUTPERFORM:	29.33%
NEUTRAL:	17.34%
UNDERPERFORM:	01.33%
SELL:	00.00%

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of AZIMUT, ELEN., ELICA, INTERCOS, INTRED, PHARMANUTRA, SESA, STAR7, SYS-DAT, TMP GROUP, UNIDATA, VALSOIA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to AEROPORTO GUGLIELMO MARCONI DI BOLOGNA, ALLCORE, ALMAWAVE, ANTARES VISION, AQUAFIL, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, DOMINION HOSTING HOLDING, ELICA, ESPRINET, EVISIO, EXECUS, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARMINI, GPI, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, LEMON SISTEMI, LUVÉ, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, PREATONI GROUP, REDELFI, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SPINDOX, STAR7, TECNO, ULISSÉ BIOMED, XENIA HOTELIERIE SOLUTION, Zest Group SpA in the last 12 months

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, COFLE, CUBE LABS, CY4GATE, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, ELES, ELICA, ENERGY, EVISIO, EXECUS, FIERA MILANO, FILA, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MATECA FINTEC, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, PREATONI GROUP, RACING FORCE, REDELFI, REDFISH LONGTERM CAPITAL, SG COMPANY, SIMONE, SPINDOX, TAMBURI, TECNO, TMP GROUP, TPS, ULISSÉ BIOMED, XENIA HOTELIERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of ANTARES VISION, MARE ENGINEERING GROUP, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

Intermonte SIM has acted as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is acting as financial advisor to Banca CF+ in the context of the public tender offer promoted on Banca Sistema.

Intermonte SIM is acting as financial advisor to TIM in relation to the company's saving shares conversion.

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for BANCA GENERALI, BANCO BPM, MARE ENGINEERING GROUP, TELECOM ITALIA, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by AZA, AMPLIFON, AZIMUT, BANCA GENERALI, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINCOBANK, INDUSTRIE DE NORIA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPROBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, BANCA IFIS, BANCA SISTEMA, COFLE, DIGITOUCH, ECOSUNTEK, ELEN., EMAK, ENERGY, GREEN OLEO, INTRED, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, POWERSOFT, QF ALPHA IMM, REPLY, SESA, SG COMPANY, SOMEK, STAR7, SYS-DAT, TAMBURI, TESMEK, THE ITALIAN SEA GROUP, TINEXTA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA, WIIT with the obligation to disseminate studies

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

© Copyright 2026 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website <https://www.intermonte.it/it/avvertenze-legali/mifid-ii.html>

Further information is available.