



## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	LEONARDO R&D
<b><u>Promoter or financial intermediary</u></b>	LEONARDO SPA
<b><u>Country of implementation</u></b>	Italy
<b><u>Summary project description</u></b>	<p>Italy-based Leonardo (formerly Finmeccanica) is a major global aerospace, defence and security industry player. It is also a leading global helicopter manufacturer. It operates in a complex competitive environment characterised by long development cycles requiring significant up-front investments with high level of complexity, above industry-average project execution risk, high capital intensity, long payback periods and the need to comply with diverse national regulations and certification requirements. The project concerns primarily Research &amp; Development and Innovation (RDI) activities (73% of total project cost) carried out in the Helicopters division [...] to support the promoter's effort to maintain its technological leadership in helicopter development and production. The remaining part of the project (27% of total project costs) concerns investments in Information and Communications Technologies (ICT), Cybersecurity as well as investments in cohesion areas to comply with the applicable legislation (safety in the workplace, environment) and improvement of industrial processes.</p> <p>Leonardo's Helicopter Division (LHD) performs research, design, development, production, customer support and marketing of the company's range of helicopters for commercial, public service, and security and defence applications. The current production covers all the main helicopter weight categories, from the 1.8 tonne single-engine to the 16 tonne three-engine. All the helicopters are dual commercial (civil) and governmental/military use platforms except some specific military platforms (i.e. NH90, Super Lynx 300, AW159 and AW101). The latter platforms are not within the scope of the proposed project.</p> <p>LHD manages the entire helicopter development and production cycle. The production plants, concentrated in Italy, the United Kingdom, Poland and the United States, are integrated and are organised around 'centres of excellence' that support the final assembly lines. The final assembly lines are located in</p>

<sup>1</sup> This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision. Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

	<p>Vergiate and Tessera (Italy), in Yeovil (United Kingdom), in Świdnik (Poland) and in Philadelphia (United States).</p> <p>The project aims at the following main objectives: (i) expanding the capabilities and performance of LHD products, (ii) integrating the latest technologies into all of its programmes, as well as (iii) developing new products. The project includes also, partly, investments in Advanced Manufacturing Technology, ICT, Cybersecurity, as well as investments in cohesion areas to comply with the applicable legislation (safety in the workplace, environment) and improvement of industrial processes.</p>
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## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy	Significant
<b>Cross-cutting objectives</b>	
Climate Action	28.00%
EIB Cohesion Priority Regions / Economic and Social Cohesion	20.50%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Research, development and innovation	73.20%
Projects that are in line with Horizon 2020	70.80%
Other research, development and innovation	2.40%
EFSI: Development and deployment of information and communication technologies	16.50%
Other development and deployment of information and communication technologies	16.50%
EFSI: Less-developed regions and transition regions	10.30%
Less-developed regions and transition regions as listed respectively in Annex I and Annex II of Commission Implementing Decision 2014/99/EU	10.30%

### Pillar 2

Quality and soundness of the project	Good
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. Employment	[...]

*This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:*

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability<sup>2</sup>;*
- (iv) "Employment" i.e. the project's direct employment effect.*

### Pillar 3

EIB Technical and financial contribution to the project	Moderate
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

*This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:*

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

<sup>2</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

## **Pillar 4 – Complementary indicators**

### ***Additionality***

This operation addresses a number of EU and EFSI objectives. Firstly, it supports the development of research, development and innovation, and will help the borrower to pursue investment efforts in RDI in helicopter manufacturing. This will contribute to (i) developing a more competitive EU aeronautics industry, accelerating the deployment of light weight helicopters thus reducing CO2 and local emissions therefore contributing to EFSI Climate Action target and to (ii) accelerating the accumulation and diffusion of knowledge in Europe, through the promoter's collaboration with universities, research centres and industrial partners. As part of the investments will be deployed in Cohesion regions of Italy, the operation also helps to achieve the EU cohesion policy objectives and strengthens EU's economic, social and territorial cohesion.

The operation will help to address the investment needs of the borrower to financing RDI: results of RDI investments in such complex and competitive environment are uncertain and require significant up-front investments.

The project is expected to be classified under the EIB Special Activities category, in particular due to the unsecured structure, long tenor and temporal subordination to other lenders. Due to the expected riskiness of the operation, the loan could not have been provided to the same extent by the EIB without EFSI support.

The EIB will be providing long term financing via an unsecured structure and will be seen as a quality stamp to the company expecting to crowd-in financing both for the RDI programme, but also other investment activities globally. The EIB lending is expected to accelerate the deployment of the investment programme in a context where carrying out RDI and capex investments on time is crucial for the company in order to be able to maintain its competitiveness and keep up with the numerous challenges that are currently affecting the sector, such as implementation of the dual concept and increased digitalisation.

## Set of indicators related to the macroeconomic environment

Italy - Economic environment				
Economic Performance				
	IT	EU	US	IT
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	28,097	29,440	42,615	31,501
GDP growth (%)	0.88	1.9	1.6	1.2
Potential GDP growth (%)	-0.33	1.3	2.1	1.1
Output gap (% of potential GDP)	-1.7	-0.75	-0.03	1.3
Unemployment Rate (%)	11.8	8.2	4.7	7.6
Unemployment Rate (%) - Y/Y change (% points)	0.2	-0.8	-0.3	-0.44
Bank-interest rates to non-financial corporations (%)	1.1	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.33	-0.21	-1.4	0.02
Investment rate (GFCF as % of GDP) - Total	17.0	19.7	19.6	21.1
Investment rate (GFCF as % of GDP) - Public	2.1	2.7	3.4	2.9
Investment rate (GFCF as % of GDP) - Private	14.9	17.0	16.2	18.2

General Sector Indicators					
	2013	2014	2015	2016	EU (latest available)
Value added in Manufacture of other transport equipment (% of total)	--	--	--	--	0.4
Employment in Manufacture of other transport equipment (% of total)	--	--	--	--	0.3

Research, development and innovation					
	2013	2014	2015	2016	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	1.3	1.4	1.3	--	2.0
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.22	0.15	0.2	--	0.97
Research and development expenditure - Government (% of GDP)	0.10	0.10	0.10	--	0.24
Research and development expenditure - Higher education (% of GDP)	0.37	0.39	0.38	--	0.47
Research and development expenditure - Business (% of GDP)	0.72	0.76	0.74	--	1.3
Research and development expenditure - Private non-profit sector (% of GDP)	0.04	0.04	0.04	--	0.02
Eco-innovation index (EU =100)	95.0	99.0	106.0	--	100.0

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007
- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

## Other indicators<sup>3</sup>

### Key project characteristics

	Expected at PCR
Start of works	01.01.2018
End of works	31.12.2022
Project investment cost	631.90 MEUR
EIB/EFSI eligible investment mobilised	631.90 MEUR
External EFSI multiplier	2.11
External EIB (non-EFSI) multiplier	
Amount of private financing	331.90 MEUR
Quick start (% of expenditure during 2015-2018)	
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	28.00% Mitigation - RDI (transversal)
Employment during construction - temporary jobs	1,873 person years
Employment during operation - new permanent jobs	400 FTE

<sup>3</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.