



3 H) PARTNERS

STRATEGY IN ACTION: HOW OPERATORS CAN
BENEFIT FROM COLLABORATIVE STRATEGY SETTING
WITH THEIR IOT SUPPLIERS

A CASE STUDY FROM THE DEFENCE INDUSTRY

Confidential

London Stock Exchange Group's international business support program ELITE has a track record facilitating growth and finance

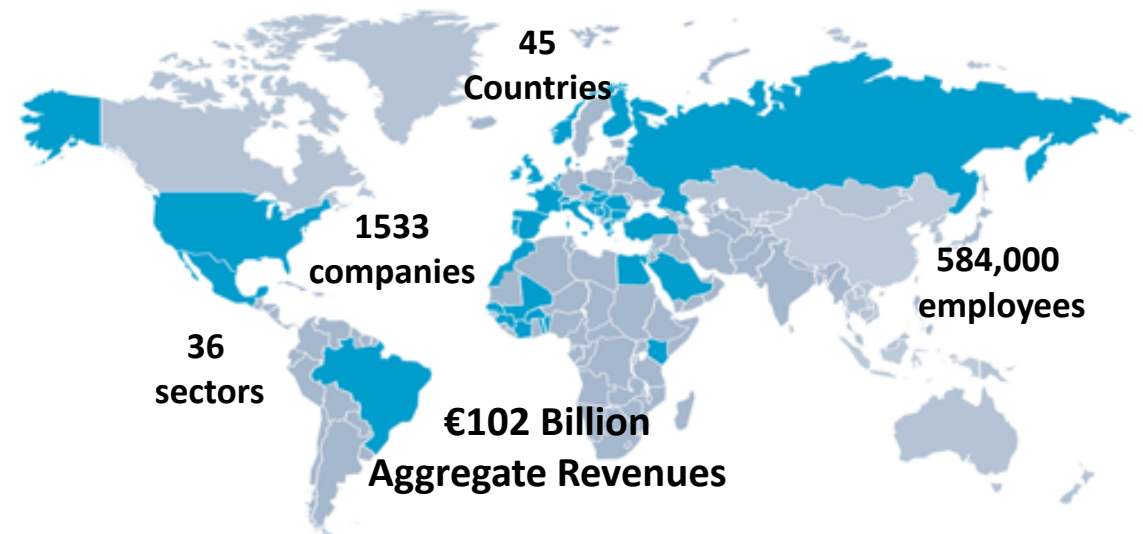


Strategy in Action™



As the global strategy delivery partner we support strategic planning services for the ELITE cohorts. 3H Partners provides:

- Methodology
- Insight / Research
- Facilitation



ELITE is the private market of London Stock Exchange Group connecting private companies with diverse sources of capital to drive their growth.

Global aerospace, defence & security firm seeks a sustainable financial future



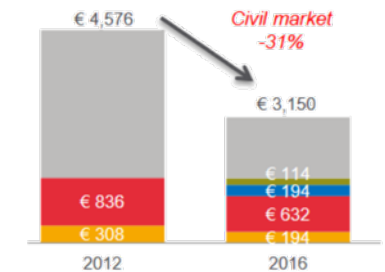
Leaders in Aerospace, Defence and Security

- **€13.7 billion** revenues, 1.8billion EBITDA
- **49,000 employees**
- Customers from **150 countries**
- Operates in markets which have **complex supply chains** and relies highly **specialized manufacturers**
- **Suppliers** success have an **impact on product/service quality**, margins and delivery (sales) volumes

FY2017: Revealing the Industrial Plan

EXTERNAL FACTORS

- Continued **market decline** (civil aviation down 31%)
- Changing market mix in intermediate



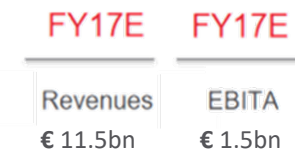
INTERNAL FACTORS

- Lower military sales
- Lack of sales discipline on re-configuration
- **Issues in planning and production**



FINANCIAL IMPACT

- Lower profitability on young products
- Some extra **costs & delays**
- **Customer claims**



Leonardo launched the LEAP initiative, focusing on the key role of its suppliers to achieve financial sustainability in the medium and long term



The ultimate objective is to make the **supplier base more solid** on some high impact categories by:

- Contributing to their **dimensional and qualitative growth**
- **Consolidate poles of excellence** on key technologies and **establish cooperative ecosystems**
- Improve **quality and on-time delivery** by **20%** by 2020

Leonardo recognized in ELITE's Strategy Series (delivered by 3H Partners) the ideal program to grow their suppliers' network

In the **Strategy Series**, up to 25 companies develop a **5 years strategic plan over 5 months**

Participants benefit from

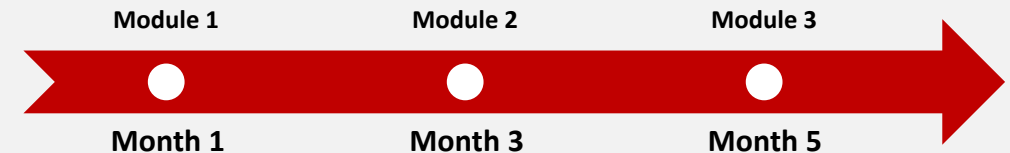
- The **most relevant data and insights** to inform their decision making
- **Skills and mindset development** via facilitated workshops and executive coaching sessions
- **Digital experiences that codify best practices** and management theories




In 2019 the first group of suppliers started the **Strategy Series**




Strategy Series Journey



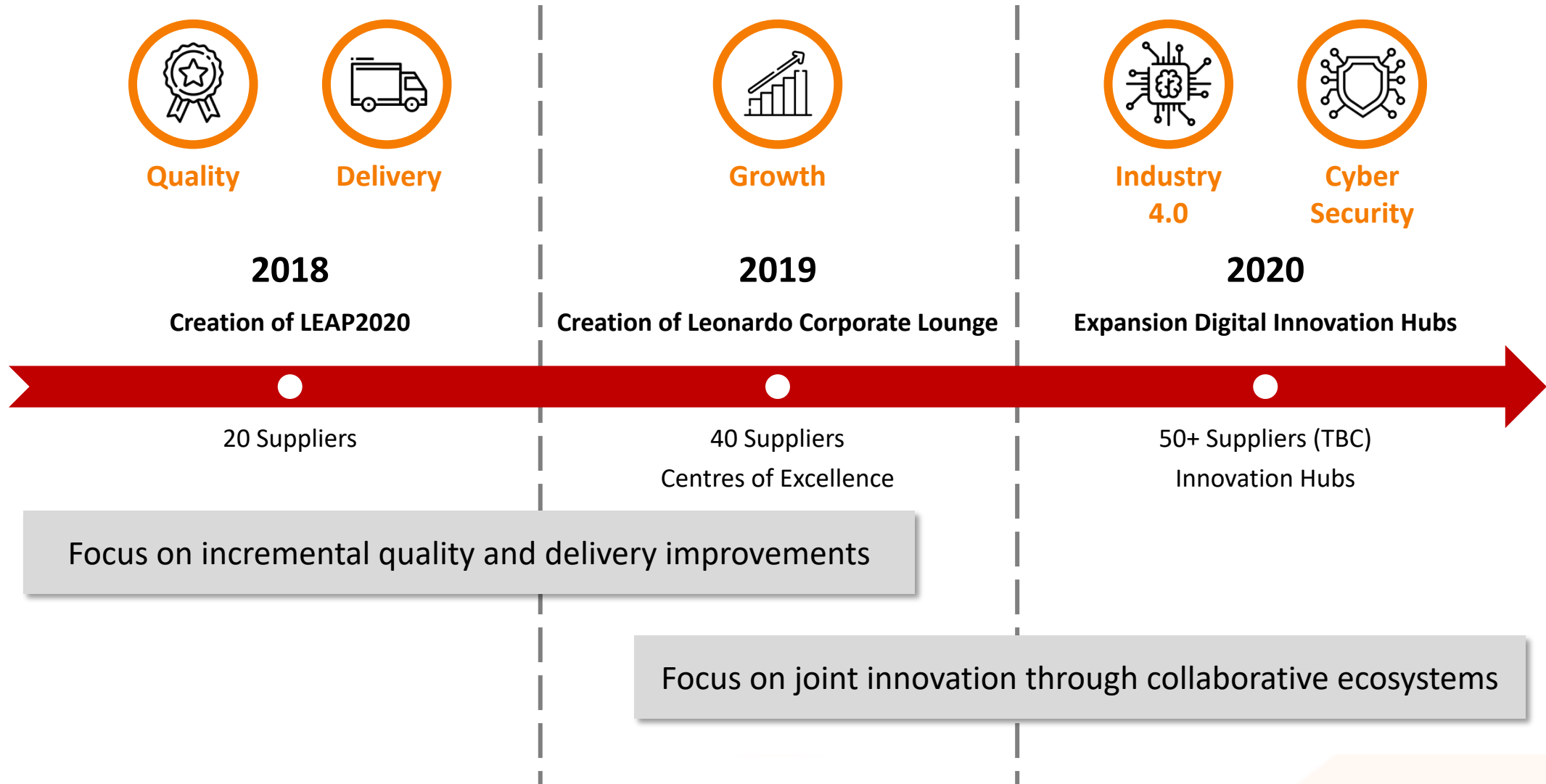
 **20 COMPANIES**

 **€1B VALUE OF SUPPLY CONTRACTS**

 **1 COUNTRY (Italy)**

 **3 SECTORS (Aerospace & Defence, Chemicals, Computer Hardware & Software)**

The programme has increased in scope and reach since 2018



Going from a “Supply chain” to a “Value chain”

Two cohorts have already completed the series, uncovering a total of **half a Billion** revenue growth potential.



Leonardo expects several benefit form the operation, including:



Stabilize supply chain
thanks to increased financial
solidity of suppliers



Increase quality thanks to
more competent suppliers



Improve relationships with
supply chain, establishing a
cooperative environment



Develop a mutually
beneficial **network of value**
between crucial suppliers

Sources

Slide	Explanation	Source
2	ELITE logo and visual overview of the ELITE programme (lift-shift)	https://www.lseg.com/elite
3	Box on left hand side with facts of the Leonardo Company (lift-shift)	https://www.leonardocompany.com/en/about-us
3	Box on right hand side explaining the background information of Leonardo Company (lift-shift)	https://www.leonardocompany.com/documents/20142/0/body_Presentation_Industrial_Plan_30_01_2018.pdf?t=1544107560216 (Leonardo Company Official Slideshare account) https://www.slideshare.net/webfinmeccanica/leonardo-industrial-plan-presentation-86928289
4	Image on the left (lift-shift)	https://www.leonardocompany.com/en/suppliers/leap2020
4	Targets	https://twitter.com/Leonardo_live/status/1022010240156545031 https://www.leonardocompany.com/en/suppliers/leap2020
6	Year 2018	https://www.leonardocompany.com/en/press-release-detail/-/detail/leap20-1
6	Year 2019	https://www.leonardocompany.com/en/press-release-detail/-/detail/leonardo-establishes-leonardo-corporate-lounge-a-partnership-with-elite-borsa-italiana-to-foster-suppliers-sustainable-growth https://www.leonardocompany.com/en/press-release-detail/-/detail/04-10-2019-leonardo-launched-the-second-group-of-the-elite-leonardo-lounge
6	Year 2020	https://www.leonardocompany.com/en/press-release-detail/-/detail/17-02-2020-leonardo-drives-the-digital-transformation-of-key-suppliers