IVECO DEFENCE ACQUISITION ANALYSIS

MAR 2026 - MAY 2026

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ROCCO DI FILIPPO
Head of M&A
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IM Conc. – 1st Year

STELLA BELLINI
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BIEF – 2nd Year

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CLEAM – 1st Year

VITTORIO FANTONI
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DAVIDE GIARDINI
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CLEAM – 1st Year

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TEO VOLPINI
M&A Associate
CLEAM – 1st Year

THE OPERATION

Iveco Group, listed on **Euronext Milan following its 2022 demerger from CNH Industrial**, had **Exor** as its reference shareholder, with a **27.1% economic interest** and **43.2% of voting rights**. In **July 2025**, the Group announced a major strategic separation of its activities. On 30 July, Iveco signed a definitive agreement to sell its entire Defence Business – comprising the **IDV** and **ASTRA brands** – to Leonardo for an **enterprise value of €1.7bn**. The transaction was **completed on 18 March 2026** for approximately **€1.6bn**, after contractual adjustments, following completion of the carve-out, and receipt of the required regulatory approvals.

The disposal of Defence was closely linked to a **broader transaction involving the rest of Iveco Group**. In parallel, **Tata Motors' commercial-vehicle arm**, part of India's Tata Group, which also owns Jaguar and Land Rover, announced an **all-cash voluntary tender offer for all Iveco Group common shares excluding the Defence Business**, at €14.10 per share, implying total consideration of **approximately €3.8bn**. Completion of the Tata offer was explicitly **conditional on the prior separation of Defence**, effectively breaking Iveco Group into two strategic businesses: IDV and ASTRA transferred to Leonardo, while the remaining commercial-vehicle activities were targeted for acquisition by Tata Motors. Exor also irrevocably committed to support the Tata offer and tender its shareholding.

COMPANIES OVERVIEW

Iveco Defence

Iveco Defence, comprising **Iveco Defence Vehicles** (IDV) and **ASTRA**, is a leading European **provider of military mobility**, **protected vehicles**, and **specialized off-road platforms**, serving armed forces, government agencies, and civil-protection customers across international markets.

The business develops and manufactures a **broad portfolio** of multirole and tactical vehicles, armoured and amphibious platforms, logistics trucks, and autonomous systems, including platforms such as **LMV2**, **MTV**, **MUV**, **Centauro**, **SUPERAV**, and **Guarani**. Its offering combines mobility, protection and mission-specific capabilities, supported by a global industrial and commercial footprint. In 2024, the Defence Business operated with **6 production sites** and **9 commercial offices** worldwide.

Olof Persson
CEO,
Iveco Group

Claudio Catalano
President,
IDV & ASTRA

Suzanne Heywood
Chair,
Iveco Group

(EUR Million)	2023A	2024A	2025A
Revenues	**984**	**1,149**	**1,368**
YoY %	*28.8%*	*16.8%*	*19.1%*
EBITDA	**98**	**112**	**174**
EBITDA %	*9.9%*	*9.7%*	*12.7%*
NFP			**(491)**

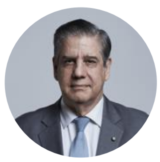
Leonardo

Leonardo is a **leading global Aerospace, Defence & Security group**, providing advanced **technologies** and **mission-critical solutions** to **governments**, **armed forces**, **institutions**, and **industrial customers worldwide**.

The Group operates across **Helicopters**, **Aircraft**, **Defence Electronics**, **Cyber Security**, and **Space**, with capabilities spanning radars, sensors, avionics, electronic warfare, command-and-control systems, aircraft, helicopters, satellites, and integrated defence solutions. Leonardo is also a **strategic national champion for Italy**, with the **Italian Ministry of Economy and Finance** holding a **30.2%** stake and acting as its controlling shareholder.

(EUR Million)	2023A	2024A	2025A
Revenues	**15,291**	**17,763**	**19,503**
YoY %	*3.9%*	*16.2%*	*9.8%*
EBITDA	**1,911**	**2,219**	**2,429**
EBITDA %	*12.5%*	*12.5%*	*12.5%*
NFP			**1,001**

Roberto Cingolani
CEO [1]



Stefano Pontecorvo
Chair [1]

[1] Cingolani and Pontecorvo are shown as they were in office at the time of the acquisition; they were replaced on 7 May 2026 by Lorenzo Mariani (CEO) and Francesco Macrì (Chair)

STRATEGIC ANALYSIS

PESTEL ANALYSIS

POLITICAL & ECONOMIC

The acquisition of Iveco Defence business takes place in a particularly supportive environment for **European defence consolidation**. Rising **geopolitical tensions** and stronger **NATO commitments** have accelerated **military spending across Europe**, while EU initiatives increasingly promote strategic autonomy and the development of a more integrated domestic defence industrial base. In this context, the transaction allows Leonardo to strengthen **Italy's position in the European land-defence market** by combining domestic vehicle manufacturing capabilities with its existing expertise in **defence systems and electronics**. The deal also supports the creation of a more competitive national defence platform, better positioned to participate in **large-scale European procurement programmes** and benefit from **structurally higher defence budgets**.

TECHNOLOGY

Technological integration represents one of the main strategic drivers of the transaction. Iveco Defence contributes expertise in **armoured and tactical vehicle platforms**, while Leonardo provides advanced capabilities in **sensors, electronics, mission systems and systems integration**. Bringing these capabilities under the same industrial perimeter could **reduce coordination frictions** and enable the development of more **integrated land-defence solutions**. The combined group would also be better positioned to address emerging areas such as autonomous ground vehicles, artificial intelligence and increasingly connected battlefield systems, although **cybersecurity risks** and dependence on advanced electronic components remain important challenges.

LEGAL & REGULATORY

The defence industry operates within a **highly regulated environment** shaped by **competition law, national security considerations and export-control requirements**. The transaction therefore sits at the intersection of industrial policy and regulatory oversight, particularly given the strategic nature of military assets. Beyond merger clearance, the combined entity must manage **complex export-control regimes**, including European regulation and potential ITAR restrictions on US-origin components. The integration also requires the **reorganisation of existing joint ventures and intellectual-property arrangements**, making legal execution an important factor in fully capturing the strategic benefits of the deal.

SOCIAL & ENVIRONMENTAL

The transaction is expected to support the preservation and potential expansion of **high-skilled employment in Italy**, particularly across **engineering, technology, and R&D-intensive activities**. At the same time, the defence sector continues to face **public and ethical scrutiny**, reflecting the broader tension between **national security priorities and concerns over militarisation**. From an environmental perspective, military vehicle manufacturing remains relatively **emissions-intensive** and constrained by demanding operational requirements. However, the integration of Iveco Defence into Leonardo may support stronger **ESG governance, energy-efficiency initiatives, and the long-term development of lower-emission defence platforms**, potentially turning sustainability into an additional area of industrial differentiation.

STRATEGIC ANALYSIS

PORTER'S FIVE FORCES

COMPETITOR RIVALRY – HIGH

- Pre-Merger: IDV and ASTRA compete with **large players** such as Rheinmetall, KNDS and BAE Systems in a **tender-driven market** where winning major programmes is critical
- Post-Merger: Integration with Leonardo adds **scale, electronics and systems integration capabilities**, allowing Iveco Defence to offer more complete **land-defence solutions** and strengthening its position in complex programmes against **larger vertically integrated competitors**

THREAT OF NEW ENTRANTS – LOW

- **Pre-Merger:** High capital requirements, long qualification cycles, strict regulation and **established government relationships** create **substantial barriers** for potential new competitors
- **Post-Merger:** the combination with Leonardo further raises barriers by increasing **scale, vertical integration** and **technological complexity.** The merged group can deliver more comprehensive and harder-to-replicate solutions, making it even more difficult for new entrants to compete

BARGAINING POWER OF BUYERS – HIGH

- Pre-Merger: Demand is concentrated among **national governments and supranational organisations**, which impose strict requirements on price and long-term support. **High switching costs and preference for domestic or allied suppliers** partly limit their bargaining power
- Post-Merger: Leonardo creates a **more differentiated and integrated offering**, increasing switching costs. Governments remain powerful in tenders, but the combined entity gains greater leverage by providing complete solutions

BARGAINING POWER OF SUPPLIERS – HIGH

- Pre-Merger: Iveco Defence relied on both **standard component suppliers** and **highly specialized providers** for armor, propulsion, electronics and certified defence subsystems, making supplier power high in critical areas
- Post-Merger: **Leonardo's vertical integration** in defence electronics and systems **reduces external dependency** and **improves coordination**, although exposure to specialized components and supply-chain bottlenecks remains relevant

THREAT OF SUBSTITUTES – LOW

- Pre-Merger: Traditional military vehicles have **few direct substitutes** due to their specialised roles in **mobility, protection and combat support**. Drones and autonomous systems are reshaping warfare but still mainly complement conventional platforms
- Post-Merger: Combining Iveco Defence's vehicles with Leonardo's electronics, sensors and command systems strengthens **platform relevance and supports technological evolution.** Unmanned systems remain a long-term disruptive threat

STRATEGIC ANALYSIS

SWOT ANALYSIS

Strengths

- **Diversified product portfolio** across protected, amphibious, armoured, and tactical vehicles
- **Strong long-term backlog** with major government customers, supporting revenue visibility
- **Nearly 90 years** of industrial track record and presence in over 100 countries
- **Solid growth and improving profitability** supported by rising defence demand
- **Strategic partnerships** with Leonardo, RENK, and BAE Systems strengthen technological capabilities
- **Low programme concentration risk** thanks to exposure across multiple vehicle segments and procurement cycles

Weaknesses

- **Limited scale** vs major European peers such as Rheinmetall, KNDS, and BAE Systems
- **Manufacturing concentration** in Italy, increasing exposure to local disruptions
- **High dependence on government customers** and public defence budgets
- **Long and complex procurement cycles** increase exposure to political decision-making
- **Limited in-house electronics capabilities,** increasing reliance on external partners
- **Operational complexity** across IDV and ASTRA brands and product lines

Opportunities

- **European defence spending supercycle** supports sustained demand growth
- **EU strategic autonomy** initiatives favour European defence manufacturers
- **International expansion** in markets such as the US and Latin America
- **Lifecycle services and maintenance contracts** create recurring, higher-margin revenues
- **Next-generation defence programmes** offer access to large-scale future contracts
- **Growing interoperability requirements** across European armed forces may support broader platform adoption

Threats

- **Industry consolidation** strengthens larger vertically integrated competitors
- **Supply chain bottlenecks** in electronics, materials, and powertrains
- **Delivery delays and contractual penalties** could damage programme execution and reputation
- **Strict export controls and regulation** may limit access to key markets
- **Technological disruption** from drones and unmanned systems may reshape demand
- **High buyer bargaining power** can pressure pricing and margins

VALUATION

DCF | INCOME STATEMENT PROJECTIONS

The model values IDV Group using a Discounted Cash Flow approach. We project **ten years** of cash flows (**2026F-2035F**), a longer horizon than is typical, needed to let the post-2026 growth deceleration fully play out before the terminal year, rather than transitioning abruptly from a high-growth explicit period into perpetuity, then estimate a terminal value. Adding them together gives an **enterprise value of €1,469 million**, which translates into an equity value of €1,960 million. The valuation sits at a modest discount to the price actually paid by Leonardo (enterprise value of €1,600 million at closing in March 2026), consistent with a standalone, pre-acquisition view of the business that excludes the strategic and control considerations embedded in the real transaction.

MAIN ASSUMPTIONS

The forecast horizon covers ten years, long enough to let revenue growth decelerate gradually from the 25% pace of 2026F down to a steady-state rate consistent with the terminal growth assumption. Cash flows are discounted at a **WACC of 7.3%** (calculation below), built using risk-free rates as of **31 December 2025 (valuation date)** blended with an equity risk premium and a levered beta drawn from listed European defence comparables. A **terminal growth rate of 2.5%** is broadly in line with long-term inflation expectations for the Euro area. A **tax rate of 27.9%**, applied to operating profit, is used consistently throughout the plan. The bridge to equity uses the estimated net cash position of the Defence Business as of 31 December 2025 (€491 million), as disclosed by Iveco Group in its FY2025 results.

REVENUE PROJECTIONS

IDV Group's revenue trajectory reflects a business still mid-way through a production ramp-up on its order backlog. Growth starts at 25% in 2026F – close to the pace already achieved in 2025A (+19%) – and then decelerates by roughly 2.5 percentage points a year, reaching 2.5% by 2035F, the same rate assumed in perpetuity. In euro terms, revenue moves from €1,368 million in 2025A to approximately €4,863 million in 2035F. Growth is strong in absolute terms throughout the explicit period, but its quality shifts over time: the early years are driven by the volume ramp on existing contracts, while the outer years increasingly reflect a maturing, more moderate-growth business.

VALUATION

DCF | INCOME STATEMENT PROJECTIONS

REVENUE PROJECTIONS

(€ Million)	2023A	2024A	2025A	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Net Revenues	**984**	**1,149**	**1,368**	**1,710**	**2,095**	**2,514**	**2,954**	**3,397**	**3,821**	**4,203**	**4,519**	**4,745**	**4,863**
YoY%	*28.8%*	*16.8%*	*19.1%*	*25.0%*	*22.5%*	*20.0%*	*17.5%*	*15.0%*	*12.5%*	*10.0%*	*7.5%*	*5.0%*	*2.5%*
Raw materials	**(641)**	**(723)**	**(835)**	**(1,043)**	**(1,276)**	**(1,528)**	**(1,793)**	**(2,058)**	**(2,312)**	**(2,539)**	**(2,725)**	**(2,856)**	**(2,923)**
% of Revenues	*65.1%*	*62.9%*	*61.0%*	*61.0%*	*60.9%*	*60.8%*	*60.7%*	*60.6%*	*60.5%*	*60.4%*	*60.3%*	*60.2%*	*60.1%*
Services	**(154)**	**(205)**	**(226)**	**(284)**	**(344)**	**(410)**	**(478)**	**(547)**	**(615)**	**(677)**	**(727)**	**(764)**	**(778)**
% of Revenues	*15.6%*	*17.8%*	*16.5%*	*16.6%*	*16.4%*	*16.3%*	*16.2%*	*16.1%*	*16.1%*	*16.1%*	*16.1%*	*16.1%*	*16.0%*
Personnel Costs	**(81)**	**(91)**	**(96)**	**(108)**	**(121)**	**(138)**	**(157)**	**(177)**	**(199)**	**(227)**	**(258)**	**(289)**	**(326)**
	8.2%	*7.9%*	*7.0%*	*6.3%*	*5.8%*	*5.5%*	*5.3%*	*5.2%*	*5.2%*	*5.4%*	*5.7%*	*6.1%*	*6.7%*
Other operating expenses	**(47)**	**(55)**	**(69)**	**(84)**	**(103)**	**(123)**	**(145)**	**(166)**	**(187)**	**(206)**	**(221)**	**(232)**	**(238)**
				4.9%	*4.9%*	*4.9%*	*4.9%*	*4.9%*	*4.9%*	*4.9%*	*4.9%*	*4.9%*	*4.9%*
Consolidation adjustments	**36**	**37**	**32**										
EBITDA	**98**	**112**	**174**	**192**	**251**	**314**	**381**	**448**	**508**	**555**	**587**	**603**	**598**
EBITDA margin%	*9.9%*	*9.7%*	*12.7%*	*11.2%*	*12.0%*	*12.5%*	*12.9%*	*13.2%*	*13.3%*	*13.2%*	*13.0%*	*12.7%*	*12.3%*
D&A	**(21)**	**(21)**	**(18)**	**(26)**	**(31)**	**(38)**	**(44)**	**(51)**	**(57)**	**(63)**	**(68)**	**(71)**	**(73)**
% of Revenues	*2.2%*	*1.8%*	*1.3%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
EBIT	**76**	**91**	**156**	**166**	**220**	**277**	**337**	**397**	**451**	**492**	**520**	**531**	**525**
EBIT Margin%	*7.7%*	*7.9%*	*11.4%*	*9.7%*	*10.5%*	*11.0%*	*11.4%*	*11.7%*	*11.8%*	*11.7%*	*11.5%*	*11.2%*	*10.8%*
Taxes on EBIT (tax rate 27.9%)				**(46)**	**(61)**	**(77)**	**(94)**	**(110)**	**(126)**	**(138)**	**(146)**	**(149)**	**(146)**
NOPAT				**120**	**159**	**199**	**243**	**287**	**325**	**354**	**373**	**382**	**379**

WACC CALCULATION

- **Target capitalisation ratio:** target capital structure of 80% equity and 20% debt
- **Cost of debt:** risk-free rate plus a **150 bps** credit spread appropriate for an investment-grade industrial issuer, adjusted for a 27.9% tax shield
- **Cost of equity:** anchored on the blended Italian/German 10-year sovereign yield as of 31 December 2025 (**3.25% risk-free rate:** BTP at ~3.60%, Bund at ~2.90%, spread at 15-year lows), an **equity risk premium of 5.5%**, and a **levered beta of 0.90** drawn from the defence-sector comparables

The result is a WACC of **7.3%**.

WACC	
Risk-free rate (Rf)	3.3%
Equity Risk Premium (ERP)	5.5%
Beta levered	0.9
Cost of Equity	**8.3%**
Cost of Debt pre-tax	4.8%
Cost of Debt post-tax	**3.4%**
D/(D+E)	20%
E//D+E)	80%
WACC	**7.3%**

VALUATION

DCF | CASH FLOW AND TERMINAL GROWTH RATE

CASH FLOW BUILD

The Unlevered Free Cash Flow (FCFF) calculation starts with subtracting taxes from operating profit (at a 27.9% tax rate). Depreciation and amortisation are then added back. Finally, capital expenditures and the increase in net working capital are deducted. What remains is the cash flow available to service debt, distribute dividends or reinvest in the business.

Across the forecast, FCFF builds from a modest €(12) million in 2026F, still absorbing heavy capex and working-capital investment during the volume ramp-up, to a peak of €107 million in 2035F. The terminal-year figure anchors the terminal-value calculation and accounts for 77.6% of total EV: a reminder of how much of the valuation still rests on long-term cash generation, given how modest cash flows remain for much of the explicit forecast period.

(€ Million)		2026F	2027F	2028F	2029F	2030F
NOPAT		**120**	**159**	**199**	**243**	**287**
D&A		**26**	**31**	**38**	**44**	**51**
Change in NWC		**(41)**	**(46)**	**(50)**	**(53)**	**(53)**
	% of Revenue	*(2.4%)*	*(2.2%)*	*(2.0%)*	*(1.8%)*	*(1.6%)*
CAPEX		**(116)**	**(142)**	**(171)**	**(201)**	**(231)**
	% of Revenue	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Unlevered Free Cash Flow		**(12)**	**2**	**16**	**33**	**54**

(€ Million)		2031F	2032F	2033F	2034F	2035F
NOPAT		**325**	**354**	**373**	**382**	**379**
D&A		**57**	**63**	**68**	**71**	**73**
Change in NWC		**(51)**	**(46)**	**(38)**	**(27)**	**(14)**
	% of Revenue	*(1.3%)*	*(1.1%)*	*(0.8%)*	*(0.6%)*	*(0.3%)*
CAPEX		**(260)**	**(286)**	**(307)**	**(323)**	**(331)**
	% of Revenue	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Unlevered Free Cash Flow		**72**	**85**	**96**	**104**	**107**

TERMINAL GROWTH RATE

A terminal **growth rate of 2.5%** is well-supported. It sits in line with the ECB's long-run inflation objective and with long-run nominal GDP growth expectations for the Euro area.

Critically, 2.5% is exactly the rate at which the model's explicit forecast lands: revenue growth decelerates gradually from 25% in 2026F to 2.5% by 2035F, so extending that same figure into perpetuity avoids introducing an artificial jump at the terminal year.

Economically, it credits a fully stabilised IDV Group with inflation pass-through on its long-term defence contracts, with no additional real growth assumed beyond that, a conservative assumption for a business operating in a sector currently benefiting from a structural increase in European defence spending.

VALUATION

DCF | FINAL VALUATION

The DCF values IDV Group at an Enterprise Value of €1,469 million in the base case (WACC of 7.3% and g of 2.5%), with a range of roughly €1,1-€1,9 billion across the sensitivity grid on WACC and g (±50bps each). Roughly 77% of the value sits in the terminal value, reflecting IDV Group's profile as a business still mid-way through a demand ramp-up, whose long-term cash generation matters more than the still-modest cash flows of the explicit forecast period.

The €1,469 million standalone Enterprise Value reflects our estimate of IDV Group's intrinsic value on a pre-acquisition basis, at a discount of approximately 10% to the €1,600 million enterprise value actually paid by Leonardo at closing.

We read this gap as consistent with the absence of any disclosed control premium in the transaction: press reports at the time indicated Leonardo's bid was in fact the lowest among competing offers, with the deal favoured on strategic and regulatory (golden power) grounds rather than price, while our own assumptions on capital intensity (capex at 6.8% of revenues throughout the plan) remain deliberately conservative given the scale-up the business is undergoing.

(€ Million)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
NOPAT	120	159	199	243	287	325	354	373	382	379
D&A	26	31	38	44	51	57	63	68	71	73
Change in NWC	(41)	(46)	(50)	(53)	(53)	(51)	(46)	(38)	(27)	(14)
% of Revenue	*(2.4%)*	*(2.2%)*	*(2.0%)*	*(1.8%)*	*(1.6%)*	*(1.3%)*	*(1.1%)*	*(0.8%)*	*(0.6%)*	*(0.3%)*
CAPEX	(116)	(142)	(171)	(201)	(231)	(260)	(286)	(307)	(323)	(331)
% of Revenue	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Unlevered Free Cash Flow	(12)	2	16	33	54	72	85	96	104	107

Unlevered Free Cash Flow	(12)	2	16	33	54	72	85	96	104	107
Discount Period (years)	1	2	3	4	5	6	7	8	9	10
Discount Factor	0.93	0.87	0.81	0.75	0.70	0.66	0.61	0.57	0.53	0.50
Present Value of UFCF	(11)	2	13	25	38	47	52	55	55	53
Terminal-year UFCF (2035F)	107									
UFCF in 2036F	110									
TV	2,302									
Present Value of TV	1,140									
Enterprise Value	1,469									
Net Cash (2025A)	491									
Equity Value	1,960									

ENTERPRISE VALUE SENSITIVITY ANALYSIS

		g				
		1.50%	2.00%	2.50%	2.75%	3.00%
WACC	6.80%	1,401	1,517	**1,661**	1,746	1,842
	7.05%	1,324	1,427	**1,553**	1,628	1,711
	7.30%	**1,254**	**1,346**	**1,469**	**1,523**	**1,595**
	7.55%	1,189	1,272	**1,371**	1,429	1,492
	7.80%	1,130	1,205	**1,293**	1,344	1,400

VALUATION

MARKET MULTIPLES | IDV

For the valuation of **Iveco Defence Vehicles (IDV)** using the comparable companies method, specific selection criteria were defined to ensure **industry consistency** and the **relevance of the multiples** used:

- **Industry perimeter:** the selected companies operate in the **defence sector**, with specific exposure to **land systems, military vehicles and defence equipment manufacturing**, which represent IDV's core business
- **Company type**: the peers are **listed on regulated markets**, ensuring the availability of public and comparable financial data. **Leonardo has been excluded** from the sample as it is the acquirer
- **Dimension**: all selected peers are **materially larger than IDV** (enterprise values from ~EUR 7bn to over EUR 83bn against ~EUR 1.7bn for IDV). The closest peers by size and product mix (KNDS, Patria, Otokar, Nurol Makina) are not listed, so a **size discount** is applied at the interpretation stage
- **Geography**: the sample includes companies with a **significant international presence**, operating primarily in **Europe**, the **United States** and **Asia-Pacific**, the principal reference areas for IDV's platforms

Multiples are computed on **FY2025A** financials on both sides of the ratio, with non-euro figures converted at EUR/USD 1.1750, EUR/GBP 0.87260 and EUR/KRW 1,696.94. Given the dispersion of the sample (EV/EBITDA ~7x to ~38x), the **median EV/EBITDA of 14.8x** is the reference statistic, while **EV/Revenues is reported for information only.**

(EUR Million)		Mkt Cap	EV	Revenues	EBITDA	EV/Rev	EV/EBITDA
Rheinmetall	Ger.	72,852	72,782	9,935	1,895	**7.3x**	**38.4x**
Oshkosh Corp.	USA	6,652	7,180	8,870	1,021	**0.8x**	**7.0x**
General Dynamics	USA	78,049	83,533	44,723	5,345	**1.9x**	**15.6x**
BAE Systems	UK	55,588	59,962	32,473	4,320	**1.9x**	**13.9x**
Hanwha Aerospace	Korea	28,530	35,626	17,999	2,335	**2.0x**	**15.3x**
Textron	USA	12,931	14,508	12,595	1,190	**1.2x**	**12.2x**
Thales	France	47,194	48,939	22,136	3,306	**2.2x**	**14.8x**
Comps Average						**2.5x**	**16.7x**
Comps Median						**1.9x**	**14.8x**
IDV				**1,368**	**174**	**2,556**	**2,581**

VALUATION

PRECEDENT TRANSACTIONS | IDV

The selection of precedent transactions for the acquisition of **Iveco Defence Vehicles** focuses on control transactions involving **defence platforms, systems and equipment manufacturers**, with deal sizes and product exposure providing a meaningful reference for the transaction multiples applied:

- **Sample perimeter:** five transactions in the defence and defence-electronics space, announced between **2015 and 2022**, all involving the **acquisition of control** and therefore embedding a control premium
- **RENK Group / KNDS excluded**: KNDS did not acquire RENK, it moved from 6.7% to 25.1% buying from Triton (Feb. 2025), a **minority stake without control** as confirmed by the Bundeskartellamt, and by May 2026 had reduced to ~10%. With no change of control there is no control premium and the enterprise value was a grossed-up figure rather than a price paid. Sample reduced from six to five deals
- **Reference multiple**: the **median EV/EBITDA of 15.6x** is applied to IDV's FY2025A EBITDA of EUR 174.3m. **EV/Revenues is shown for information only**: the five remaining deals all relate to defence electronics and components, with EBITDA margins of 20-25% against IDV's ~10-13%
- **Caveats:** deal vintage (2015-2022) largely predates the post-2022 re-rating of the defence sector; IDV Italia standalone's FY2025A P&L included EUR 50.8m of provisions for risks, a recurring item (3.4-4.2% of production value in 2021-2025); relative to Defence BU's consolidated EBITDA this is ~29%, though the two figures sit on different consolidation perimeters and the comparison should be read with caution

On this basis the precedent transactions method returns an implied enterprise value for IDV of **~EUR 2.7bn** on EV/EBITDA, against the **announced deal enterprise value of EUR 1.7bn**, a premium of ~60% on the transaction terms.

Target	Buyer	Date	EV (USD bn)	Revenues (USD bn)	EV/Revenues	EV/EBITDA
Cubic Corporation	**Veritas Capital**	Feb. 2021	3.2	1.5	**2.2x**	**19.3x**
Aerojet Rocketdyne	**L3Harris Technologies**	Dec. 2022	4.7	2.2	**2.2x**	**16.7x**
Esterline Technologies	**TransDigm Group**	Oct. 2018	4.1	2.0	**2.0x**	**14.8x**
Exelis	**Harris Corporation**	Feb. 2015	4.9	3.3	**1.5x**	**12.1x**
Cobham	**Advent International**	Jul. 2019	5.0	2.3	**2.1x**	**15.6x**
Comps Average					**2.0x**	**15.7x**
Comps Median					**2.1x**	**15.6x**
IDV (EUR Million)					**2,918**	**2,720**

CONCLUSIONS

SUMMARY TABLE

The valuation summary table presents the results obtained through the different methodologies applied in the analysis.

(EUR Million)	
DCF EV	1,469
Comps - EV/Revenues	2,556
Comps - EV/EBITDA	2,581
PT - EV/Revenues	2,918
PT - EV/EBITDA	2,720

The Discounted Cash Flow approach implies an Enterprise Value of €1,469 million. The trading comparable analysis indicates a materially higher valuation range of €2,556-€2,581 million, while the precedent transactions analysis suggests an even higher range of €2,720-€2,918 million.

Trading multiples and precedent transactions reflect the sharp re-rating of the European defence sector since 2022 and the substantial size premium embedded in a peer group and deal sample composed of much larger, diversified defence primes.
In contrast, the DCF captures IDV Group's own fundamentals: a business still mid-way through a demand ramp-up, with capital intensity and margin assumptions calibrated to its specific plan rather than to sector-wide sentiment.

The gap between the two sets of methodologies is consistent with the absence of any disclosed control premium in the actual transaction, and with press reports indicating Leonardo's bid was in fact the lowest among competing offers.

Against this backdrop, the €1,600 million enterprise value actually paid by Leonardo at closing sits close to our DCF-implied value and meaningfully below both market-based methodologies, suggesting the transaction was priced conservatively relative to how the market currently values comparable defence-sector assets, even after applying a discount for IDV's smaller scale relative to the peer set.

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