HALO Technologies

5 May 2025

Global Trading Report

Company Description

Leonardo S.p.A. is a leading Italian multinational company specialising in aerospace, defence, and security. Based in Rome, Italy, Leonardo has a diversified portfolio encompassing helicopters, defence electronics, aircraft, cyber security solutions, and space systems. The company is known for its advanced technological expertise and innovation and serves military and civil markets globally.

Investment Thesis

LDO generates >80% of its sales from defence and governmental activities. We expect many years of strong defence spending in Europe, Asia, the Middle East and of course the US. Commercial areospace markets are also recovering. The recovery in the civil aerospace and civil helicopter markets should also provide a tailwind for LDO (assuming LDO can address specific issues in its Aerostructures division)

In 2024, Leonardo's operations have been bolstered by substantial European defence spending, strategic partnerships, and a focus on operational efficiency. With a workforce exceeding 59,000, the company has maintained a robust presence in key markets, including Europe, the Americas, and Asia.

Leonardo's growth strategy is centred on leveraging global defence spending, optimising operations under its 2024 Industrial Plan, and targeting innovation in cyber security, space systems, and sustainable aerostructures. The company is also exploring new markets through collaborations, such as the Eurofighter program and partnerships in satellite and helicopter sectors.

Industrial Plan (2024)

- Efficiency gains of €590 million annually by 2028.
- Streamlining aerostructures operations, with potential divestitures.
- Strengthened focus on cyber and security solutions.

Technological Innovations

- Advancing capabilities in autonomous systems and artificial intelligence.
- Investment in clean energy solutions for aerospace and defence applications.

Geopolitical Tailwinds

- Increased European Union and NATO budgets for defence, accelerated by geopolitical tensions.

Investment Thesis Cont.

Strategic Positioning in a Growing Defence Market

Leonardo S.p.A. is well-positioned to benefit from a prolonged upcycle in global defence spending, particularly in Europe, where geopolitical tensions and NATO's renewed focus on regional security have led to significant budget increases. Recent commitments by European leaders, including proposals for member states to allocate up to 5% of GDP to defence by Donald Trump, provide a favourable backdrop for Leonardo's growth. Leonardo is strategically aligned to capture substantial value from these trends as a company, deriving over 80% of its revenues from defence and governmental contracts.

Leonardo's participation in major defence programs, such as the Eurofighter Typhoon and Global Combat Aircraft Program (a UK-Italy-Japan collaboration), further cements its position as a critical player in the European defence ecosystem. Its diversified product offerings—from advanced helicopters to electronic warfare systems—provide resilience against potential demand fluctuations in any segment. Additionally, the company's involvement in collaborative ventures, such as the Leonardo Rheinmetall Military Vehicles joint venture, ensures access to high-growth segments like armoured vehicle production.

Leonardo’s US defence subsidiary Leonardo DRS (79% owned) strategically positioned to serve the American defense market while contributing significantly to the parent company’s global operations and financial performance. (Leonardo DFS earnings were up 72% in Q1 2025 with a 1 bilion USD backlog). The relationship is defined by ownership, shared technological expertise, and a complementary focus within the aerospace and defense industries.

Investment Thesis Cont.

Financial Resilience and Operational Strength

- Leonardo S.p.A.'s full-year 2024 financial results, approved by the Board on March 11, 2025, reflect strong growth and improved profitability. Below is a detailed summary of key financial metrics:
- New Orders: €20.9 billion, +16.8% YoY (+12.2% pro-forma), driven by Defense Electronics & Security (EDS Europe and Leonardo DRS), Helicopters, and Cyber & Security Solutions. Order backlog reached a record €44 billion, ensuring 2.5 years of production coverage.
- Revenue: €17.8 billion, +16.2% YoY, fueled by strong execution of the order backlog and supply chain optimization, particularly in Defense Electronics and Helicopters. Including strategic JVs and associates (e.g., MBDA, Hensoldt), aggregate revenues were €20.8 billion (+10.6% pro-forma).
- EBITA: €1.525 billion, +15.8% YoY, with a Return on Sales (ROS) of 8.6%, reflecting higher volumes, cost efficiencies, and resilience in Defense & Security, despite challenges in Aerostructures and Space manufacturing.
- Free Operating Cash Flow (FOCF): €826 million, +30.1% YoY (+26.6% pro-forma), driven by improved business performance, efficient cash collections, controlled investments, and financial strategy.
- Group Net Debt: Reduced to €1.795 billion, -22.7% from €2.323 billion in 2023, supported by strong cash generation and deferred "bolt-on" acquisitions.
- Net Income: €1.07 billion, +63.22% YoY from €658 million, reflecting operational strength and financial discipline.
- R&D Investment: €2.49 billion, 14% of revenues, underscoring innovation focus.
- Workforce: Grew by 6,902 employees (+12.6% YoY) to 61,641, including Telespazio consolidation.

Investment Thesis Cont.

Segment Highlights:

- Defense Electronics & Security: Strong order and revenue growth, with Leonardo DRS reporting €3.2 billion in revenue (+14% YoY) and €400 million in adjusted EBITDA.
- Helicopters: Robust demand in government and commercial markets.
- Aerostructures: Recovery ongoing but profitability challenges persist.
- Space: Manufacturing segment faced difficulties, offset by Telespazio's consolidation.

2025 Guidance:

- New orders: ~€21 billion.
- Revenue: ~€18.6 billion.
- EBITA: ~€1.66 billion.
- Continued focus on core business growth and cash generation.
- Takeaway: Leonardo's 2024 results showcase robust order growth, revenue expansion, and profitability gains, supported by a record backlog and reduced debt. Challenges in Aerostructures and Space are offset by strong Defense and Helicopter performance, positioning the company for sustained growth in 2025.

Innovation and R&D Leadership

Innovation remains a cornerstone of Leonardo's growth strategy. The company invests heavily in research and development, particularly in advanced technologies such as artificial intelligence (AI), cyber security, and satellite systems. In 2024, Leonardo focused its R&D efforts on developing next-generation platforms in space exploration and secure communication systems, enhancing its reputation as a leading provider of technologically advanced solutions.

Investment Thesis Cont.

Leonardo's strategic initiatives include:

- Enhancing its cyber security capabilities to address growing global demand for secure networks and data protection.
- Expanding its satellite offerings in collaboration with the Telespazio group, addressing burgeoning opportunities in military and commercial space applications.
- Leveraging AI-driven solutions for autonomous and semi-autonomous systems across defence and civil markets.

Geographic Diversification and Market Expansion

Leonardo's strong presence in Europe, Asia, and the Americas provides a well-diversified revenue base, reducing reliance on any single region. In 2024, over 50% of the company's revenues originated from international markets, underscoring its global reach.

The company's strategic expansion into high-growth regions, such as the Middle East and Asia-Pacific, positions it to capitalise on rising defence budgets in these areas. Key markets include:

- The Middle East: Strong demand for military equipment and aerospace systems, driven by heightened geopolitical instability.
- Asia-Pacific: Increasing investments in defence to counterbalance regional tensions and align with NATO allies.

Leonardo's established relationships and tailored offerings for regional defence needs are expected to generate significant long-term growth.

Investment Thesis Cont.

Competitive Differentiation and Brand Equity

Leonardo's portfolio of advanced products and services enables it to stand out among peers in the defence and aerospace sectors. The company's helicopters, such as the AW139 and AW149, are market leaders, combining operational versatility with cutting-edge technology. Additionally, Leonardo's strong reputation in electronics and cyber security further differentiates it from competitors.

With a strategic focus on high-margin contracts and a consistent commitment to quality, Leonardo maintains robust pricing power across its portfolio. This competitive edge, coupled with innovation in defence technologies, ensures the company remains a top choice for governments and institutions worldwide.

Catalysts for Long-Term Growth

Key drivers for Leonardo's sustained success include:

- European Defence Spending: Proposals for a 5% GDP allocation to defence in Europe are expected to provide a strong tailwind for revenues.
- New Contract Wins: Anticipated agreements in space exploration, advanced electronics, and helicopter platforms.
- Industrial Plan Execution: Successful implementation of cost-saving measures and optimisation of loss-making segments like aerostructures.

Recetly, Germany asked the European Union to invoke anemergency clause exempting defense investment from spendingrules, as part of the bloc's fiveyear rearmament plan.

Analysts estimate NATO members could add €700 billion ($798 billion) to€2 trillion in extra military spending by 2030.Much of the windfall will flowto prime U.S. contractors such asLockheed Martin, Northrop Grumman and General Dynamics. But Brussels wants at least 50% of European military procurement to go to domestic firms like Leonardo.

Performance

Source: HALO as of 5 May 2025

Financials

LDO IM Equity | 96) Actions | 97) Export | 98) Settings | Financial Analysis

39) ADJ Leonardo SpA IFRS 16 Periodicity Annuals Cur FRC (EUR)

1) Key Stats | 2) I/S | 3) B/S | 4) C/F | 5) Ratios | 6) Segments | 7) Addl | 8) ESG | 9) Custom | 10) Shared

11) BBG Adj Highlights | 12) BBG GAAP Highlights | 13) Company Model | 14) Earnings | 15) Enterprise Value | 16) EV Ex Operating...

In Millions of EUR	2021 Y	2022 Y	2023 Y	2024 Y	Current/LTM	2025 Y Est	2026 Y Est
12 Months Ending	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2024	12/31/2025	12/31/2026
Market Capitalization	3,624.4	4,637.0	8,592.2	14,947.0	26,479.3		
- Cash & Equivalents	2,479.0	1,511.0	2,407.0	2,556.0	2,556.0		
+ Preferred & Other	27.0	516.0	761.0	1,210.0	1,210.0		
+ Total Debt	5,670.0	4,613.0	4,929.0	4,700.0	4,700.0		
Enterprise Value	6,842.4	8,255.0	11,875.2	18,301.0	29,833.3		
Revenue, Adj	14,135.0	14,713.0	15,291.0	17,763.0	17,763.0	18,847.1	20,238.5
Growth %, YoY	5.4	4.1	3.9	16.2	16.2	6.1	7.4
Gross Profit, Adj	–	–	–	–		2,318.8	2,652.1
Margin %	–	–	–	–		12.3	13.1
EBITDA, Adj	1,624.0	1,668.0	1,805.0	2,187.0	2,187.0	2,432.8	2,751.3
Margin %	11.5	11.3	11.8	12.3	12.3	12.9	13.6
Net Income, Adj	802.3	1,084.2	828.9	1,225.6	1,613.6	1,021.4	1,211.1
Margin %	5.7	7.4	5.4	6.9	9.1	5.4	6.0
EPS, Adj	1.40	1.88	1.44	2.13	2.76	1.74	2.07
Growth %, YoY	37.89	35.07	-23.52	47.93	93.98	-18.19	18.64
Cash from Operations	734.0	1,152.0	1,186.0	1,541.0	1,541.0		
Capital Expenditures	-615.0	-762.0	-782.0	-895.0		-938.8	-996.3
Free Cash Flow	119.0	390.0	404.0	646.0		818.6	960.6

Earnings: 05/08/25 | EVTS » Analyze Earnings | MODL »

Source: Bloomberg

Analyst View

11 Buys 7 Holds 1 Sells

Average analyst price target €48.19

Leonardo closed at €48.15 on 03/05/2025

Risk factors

Defense Spending Sensitivity: Leonardo's revenue heavily depends on government defense budgets, particularly in Europe and the U.S. Geopolitical tensions (e.g., Ukraine, Middle East) drive demand but also introduce uncertainty if budgets are cut or priorities shift.

Export Restrictions: Strict regulations on defense exports could limit international sales, especially in politically sensitive regions.

Supply Chain Risks: Global supply chain disruptions, including raw material shortages and logistics delays, could increase costs or delay deliveries, particularly for complex defense systems

Currency Fluctuations: With significant U.S. operations (via Leonardo DRS), exposure to EUR/USD exchange rate volatility could impact earnings.

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Market Update

Markets rally on Friday and erase the Trump Tariffs deficit

Stocks rallied on Friday as Wall Street eyeballed a better-than-expected nonfarm payrolls report for April and lifted the S&P 500 for its longest winning streak in just over two decades.

The S&P 500 advanced 1.47% and closed at 5,686.67. This marked the broad market index's ninth consecutive day of gains and its longest winning run since November 2004. The Dow Jones Industrial Average jumped 564.47 points, or 1.39%, to end at 41,317.43. The Nasdaq Composite gained 1.51% With Friday's surge, the S&P 500 has now recovered all its losses since April 2, when President Donald Trump announced his "reciprocal" tariffs. This comes a day after the Nasdaq accomplished the same feat. Guess you should have "bought the dip."

On the economic front, payrolls grew by 177,000 in April, above the 133,000 that economists polled by Dow Jones had anticipated. That figure is still down sharply from the 228,000 added in March but much better than feared after recession worries grew last month. The unemployment rate stood at 4.2%, in line with expectations. In spite of actions by the Looney Tunes Commander in Chief, the economy remains a job creating machine. So far.

Investors were already upbeat prior to the strong jobs report after China said that it is evaluating the possibility of starting trade negotiations with the U.S. Later in the day, a report from The Wall Street Journal suggested that Beijing is open to trade talks.

"Nobody knows what the market is going to do tomorrow, next week, next month but they spend all their time talking about it, because it's easy to talk about. But it has no value"

Warren Buffett

Quote of the week

"The long-term trend is up"

Warren Buffett (said at Berkshire's annual shareholders meeting on Saturday)

Quote of the week

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Market Update

Continued...

Investors were also mulling over earnings reports from two “Magnificent Seven” members. Apple slid 3.7% after posting fiscal second-quarter revenue from its services division that fell short against analyst estimates. Additionally, the iPhone maker said it expects to add $900 million in costs in the current quarter due to tariffs. Amazon shares, meanwhile, were just marginally lower (-0.01%) after the company issued light guidance, highlighting “tariffs and trade policies” as factors. Amazon’s guidance is always light don’t you know!

All three major averages posted their second positive week in a row. In USD the S&P 500 added 2.9%, now just 7% below its February high after at one point being down nearly 20%. The Dow posted a 3% advance on the week, while the Nasdaq added 3.4%.

“Nobody knows what the market is going to do tomorrow, next week, next month but they spend all their time talking about it, because it's easy to talk about. But it has no value”

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Quote of the week

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Market Update

Bloomberg Global Market Matrix

Global markets higher on Friday. (1 Day return local currency centre columns: 5 Day local currency and AUD returns far right columns) AUD a headwind for USD and EUR 5- day returns.

News Settings World Equity Indices

Standard Movers Volatility Ratios Futures Δ AVAT 1D %Chg 5D AUD

Index	RMI	2Day	Value	Net Chg	%Chg	Δ AVAT	Time	Adv/Dcl	%5Day	%5DayCur
1) Americas										
11) DOW JONES			41317.43	+564.47	+1.39%	-0.53%	06:53 c	24 / 6	+3.00%	+2.38%
12) S&P 500			5686.67	+82.53	+1.47%	-6.37%	06:53 c	459 / 44	+2.92%	+2.30%
13) NASDAQ			17977.73	+266.99	+1.51%	-3.18%	07:16 c	2328 / 791	+3.42%	+2.80%
14) S&P/TSX Comp			25031.51 d	+235.96	+0.95%	-2.86%	06:53 c	151 / 64	+1.30%	+1.06%
15) S&P/BMV IPC			55811.99 d	-447.29	-0.80%	-18.64%	06:26 c	20 / 16	-1.01%	-2.02%
16) IBOVESPA			135133.88 d	+66.91	+0.05%	-14.37%	06:24 c	38 / 46	+0.41%	+0.28%
2) EMEA										
21) Euro Stoxx 50			5285.19 d	+124.97	+2.42%	-26.75%	01:50 c	44 / 6	+2.54%	+1.32%
22) FTSE 100			8596.35 d	+99.55	+1.17%	+63.84%	01:35 c	78 / 21	+2.15%	+1.21%
23) CAC 40			7770.48 d	+176.61	+2.33%	-11.59%	02:05 c	35 / 5	+3.57%	+2.33%
24) DAX			23086.65 d	+589.67	+2.62%	-14.85%	05/02 c	38 / 2	+4.63%	+3.38%
25) IBEX 35			13446.70 d	+158.90	+1.20%	-29.72%	01:37 c	23 / 12	+2.03%	+0.81%
26) FTSE MIB			38327.94 d	+723.12	+1.92%	-22.49%	01:40 c	34 / 6	+4.13%	+2.88%
27) OMX STKH30			2462.54	+28.48	+1.17%	+9.65%	01:35 c	23 / 7	+2.66%	+2.41%
28) SWISS MKT			12253.79 d	+136.81	+1.13%	-27.61%	06:06 c	18 / 2	+2.82%	+2.38%
3) Asia/Pacific										
31) NIKKEI			36830.69 d	+378.39	+1.04%	+7.20%	05/02 c	148 / 76	+5.11%	+3.55%
32) HANG SENG			22504.68 d	+385.27	+1.74%	-60.90%	05/02 c	69 / 9	+2.72%	+2.19%
33) CSI 300			3770.57 d	-4.51	-0.12%	+28.85%	04/30 c	147 / 145	-0.43%	-0.81%
34) S&P/ASX 200			8238.05	+92.45	+1.13%	+4.31%	05/02 c	145 / 48	+3.39%	+3.39%
4) Global										
41) BBG World L/M			1974.46	+33.06	+1.70%	+561.15%	07:15 c	1370 / 497	+2.95%	+2.33%

Source: Bloomberg

Market Data Friday close:

AUD at .6442 +0.92%.

The 10-year US Treasury yield is 4.308% +0.077.

Commodities:

Oil (W.T.I.) is now trading at US$58.38 -1.45%.

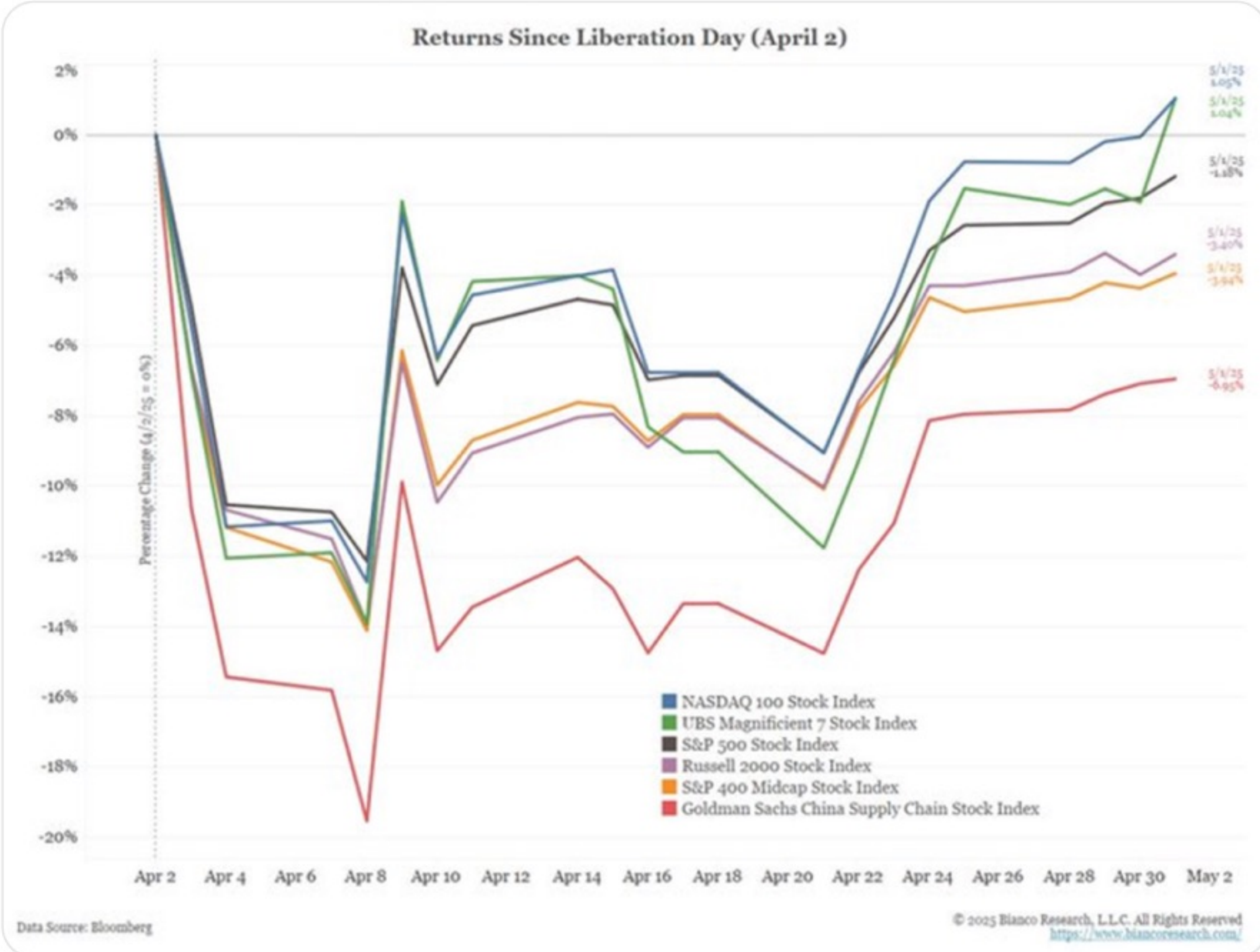
Spot Gold now at US$3247.40 +0.78%.

Crypto: (Overnight in USD)

Bitcoin 95,652.90 -677.13 (-0.70%

Ethereum 1,831.89 -4.09 (-0.22%)

> The Mag 7 and NASDAQ 100 (NDX) have recovered all their losses since Liberation Day.
>
> Stocks tied to the Chinese supply chain are lagging the most.



Source: Blanco Research

Since 1926 the US stock market has delivered annual returns of 10% or greater.

- 58% of the time over 3-year periods
- 59% of the time over 5-year periods
- 51% of the time over 10-year periods
- 55% of the time over 20-year periods

Pretty good odds

Market Update

Markets Department

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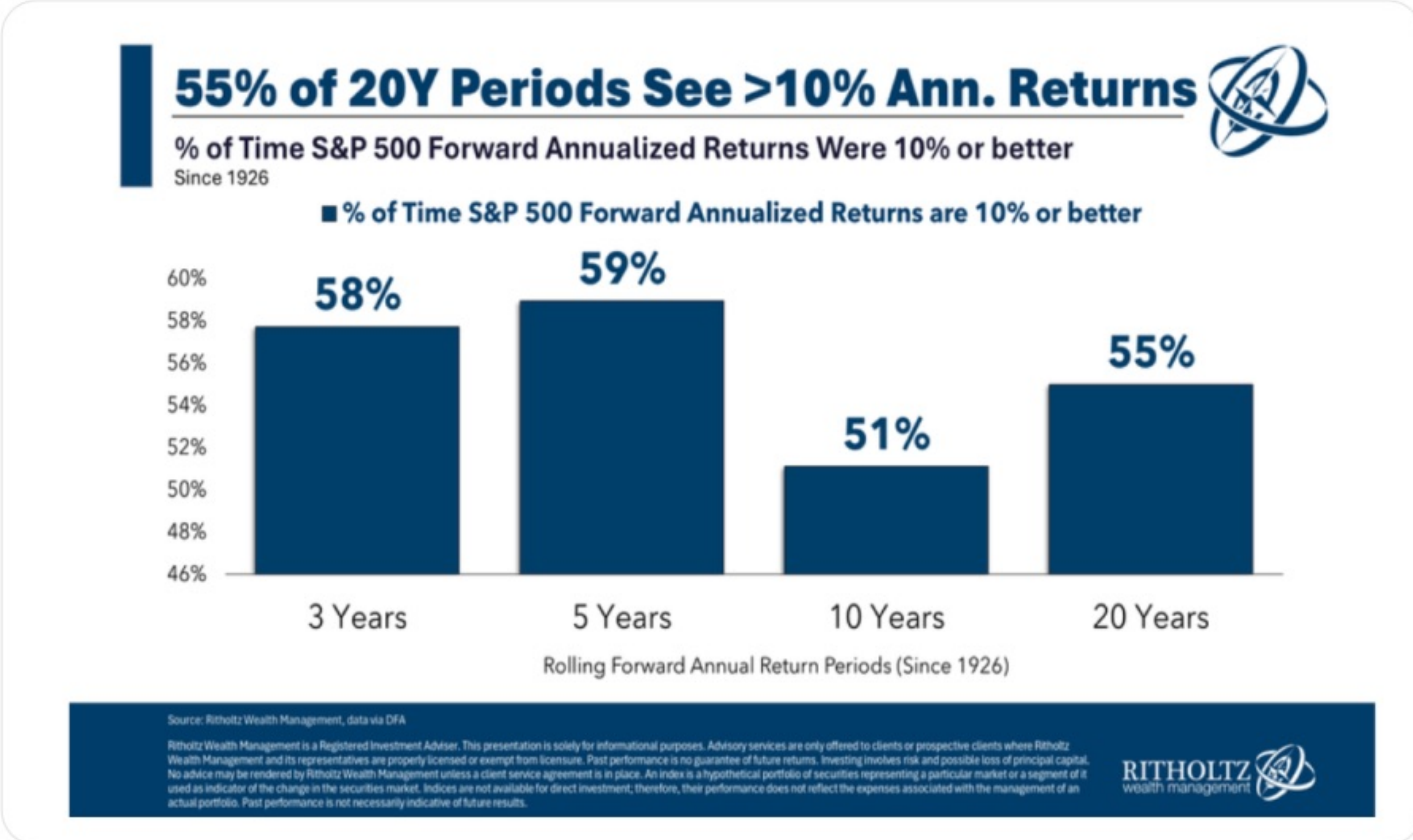
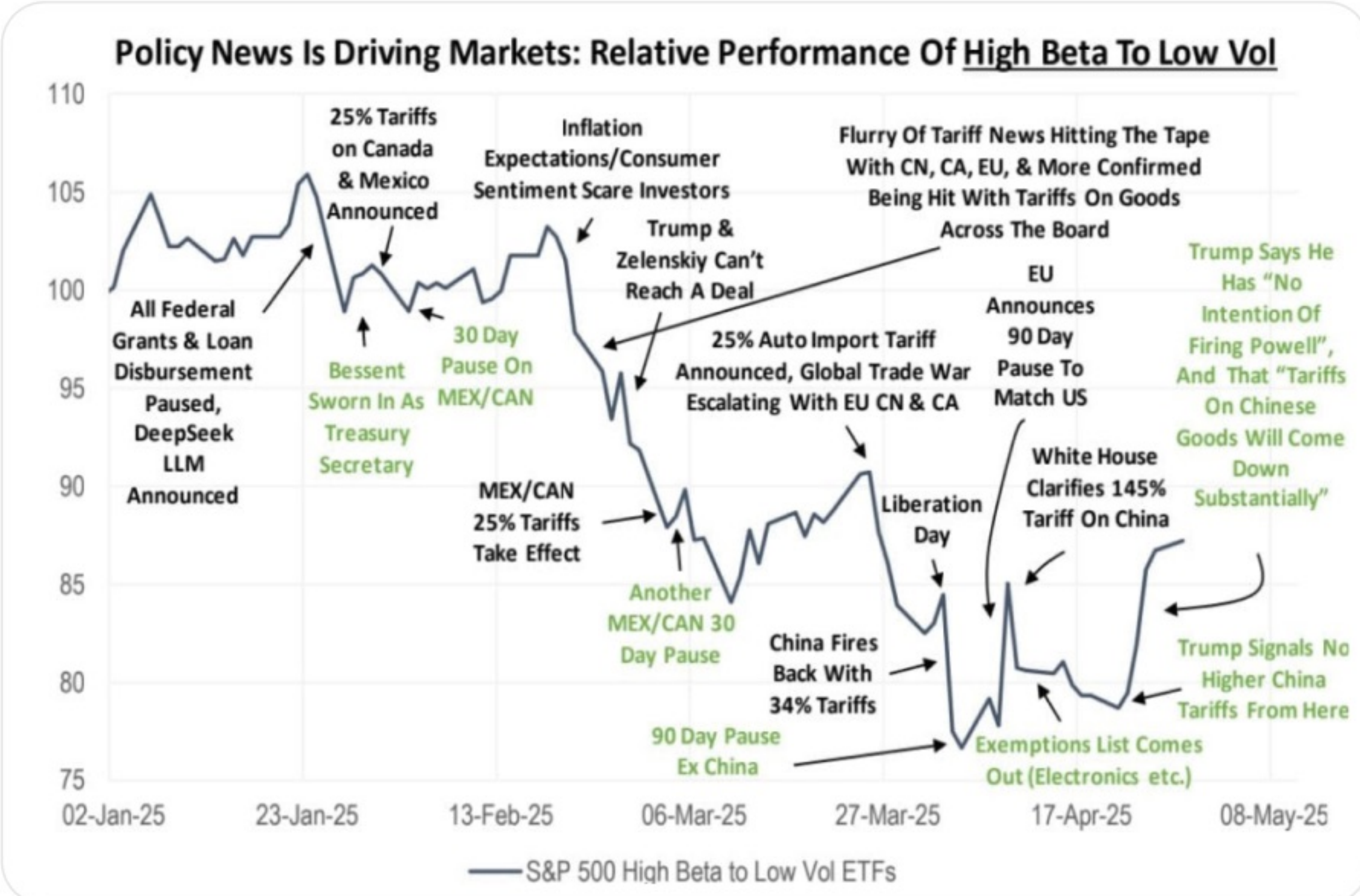
Market Update

Markets Department



Source: Ritholtz

"Policy uncertainty has gripped the market in 2025."
What a year so far!



Source: Ritholtz

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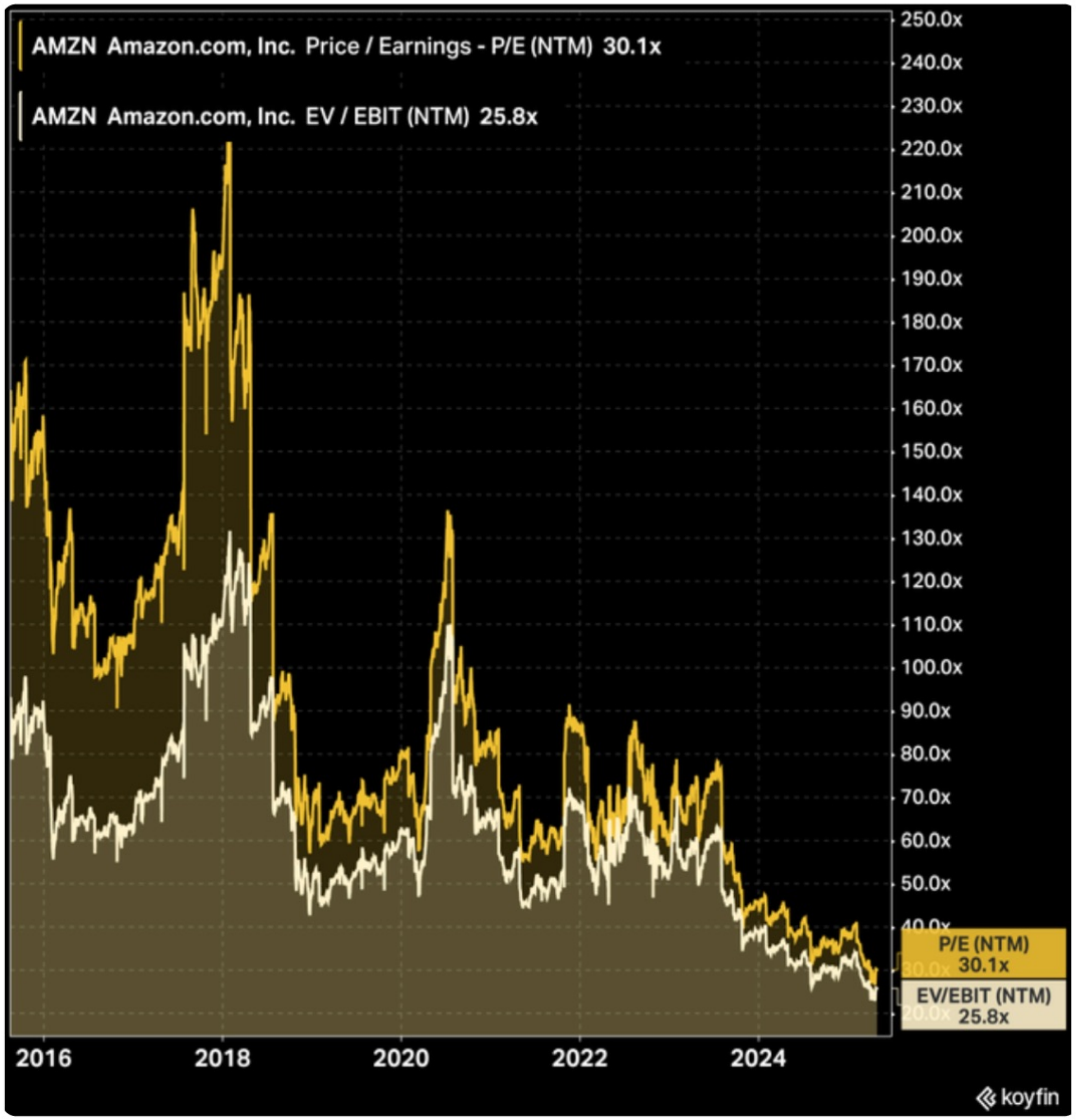
Market Update

Markets Department

Amazon is trading at its lowest forward PE and EV/EBIT in a decade. We'd be aggressive buyers here.



Source: Koyfin

The Jewel in Amazon's crown:
Amazon Web Services AWS drives Amazon's margins.
In Q1 FY25:

- 19% of revenue.
- 63% of its operating profit.

A great business.

Source: App Economy

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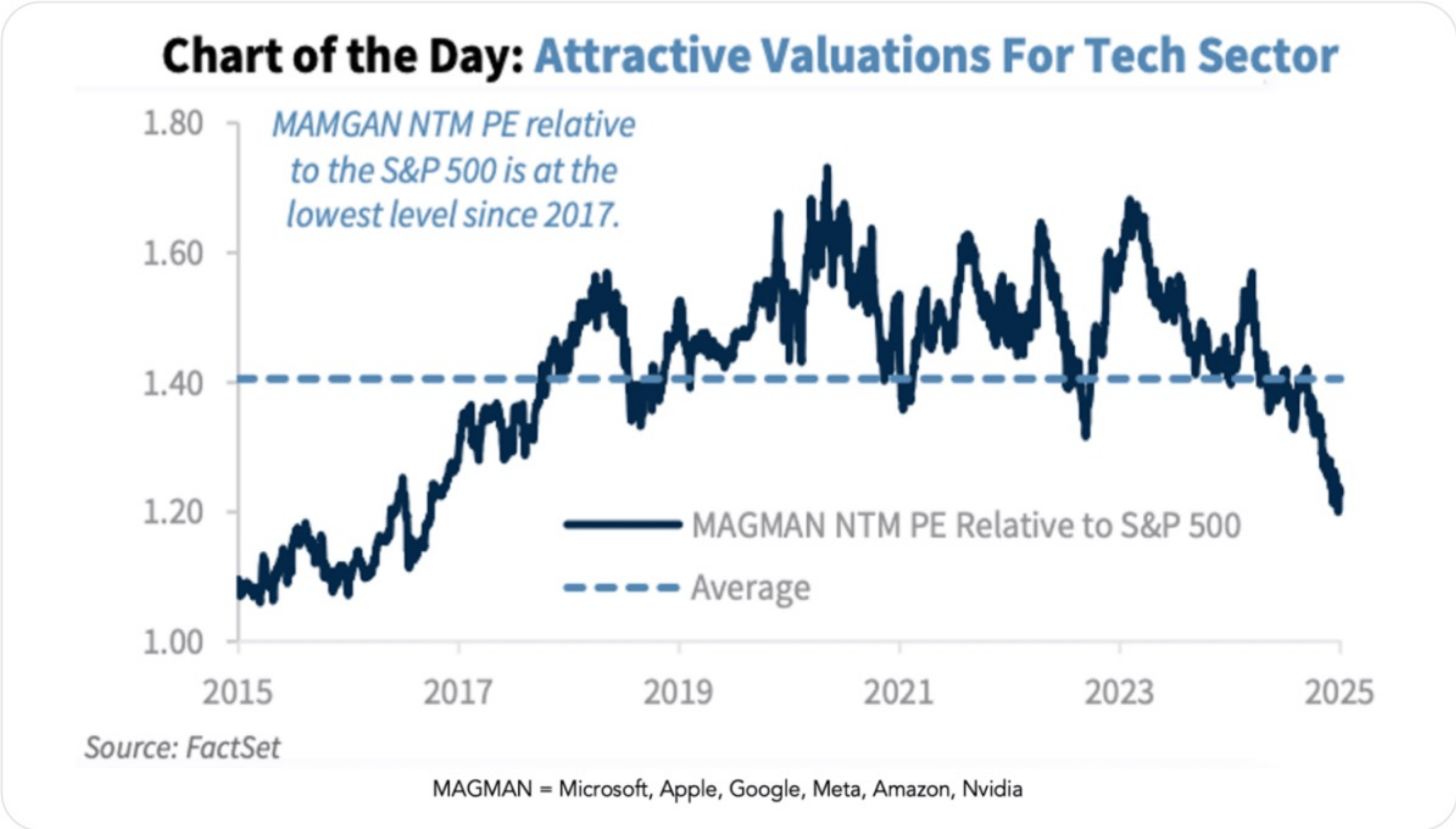
Market Update

Markets Department

MAGMAN (Microsoft Apple Google Meta Amazon Nvidia) Next twelve-month PE relative to the S&P 500 is at the lowest level since 2017.



Source: FactSet

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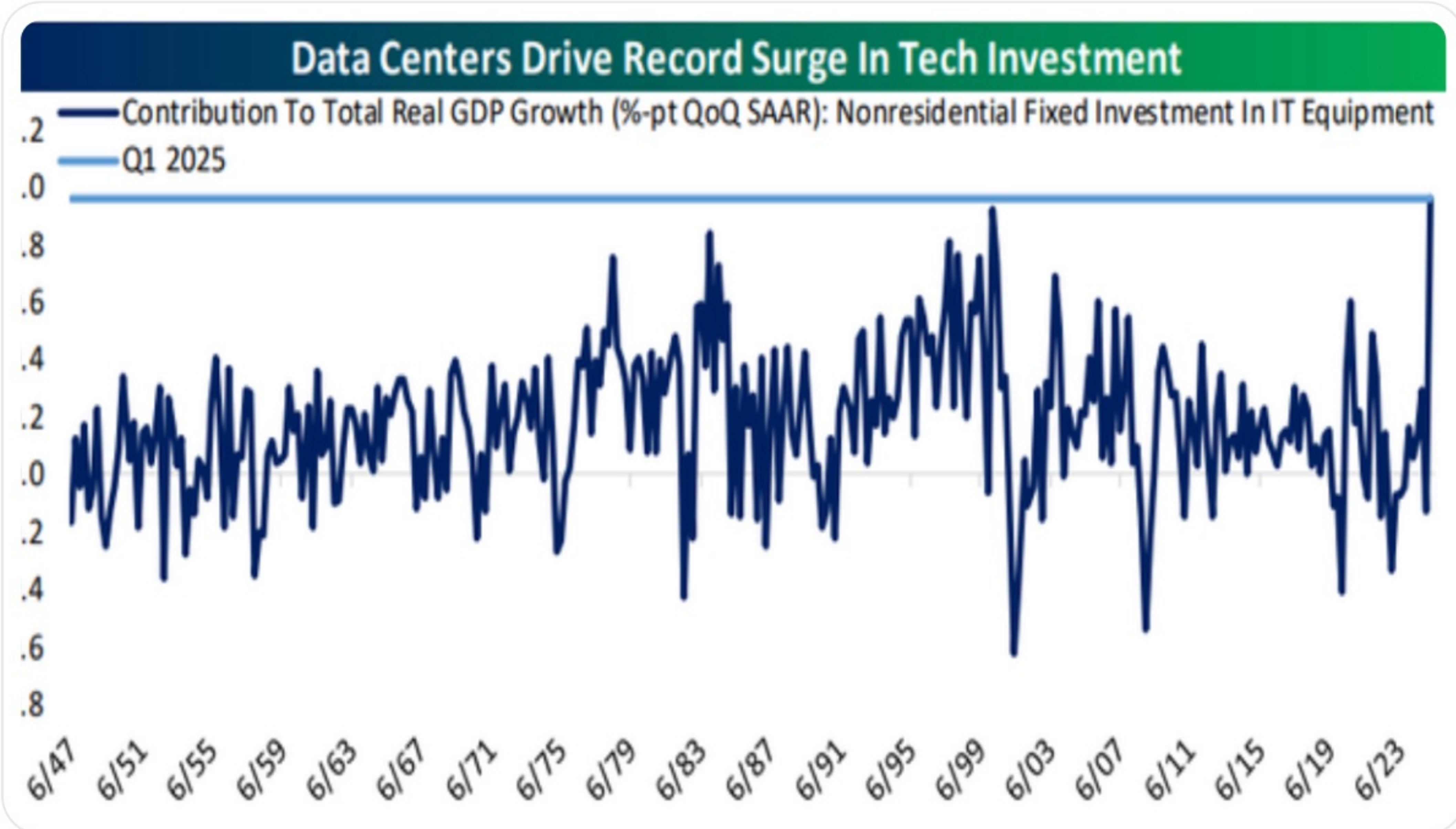
Market Update

Markets Department

Data centre investment added a full percentage point to GDP in Q1; a record.



Source: Bespoke

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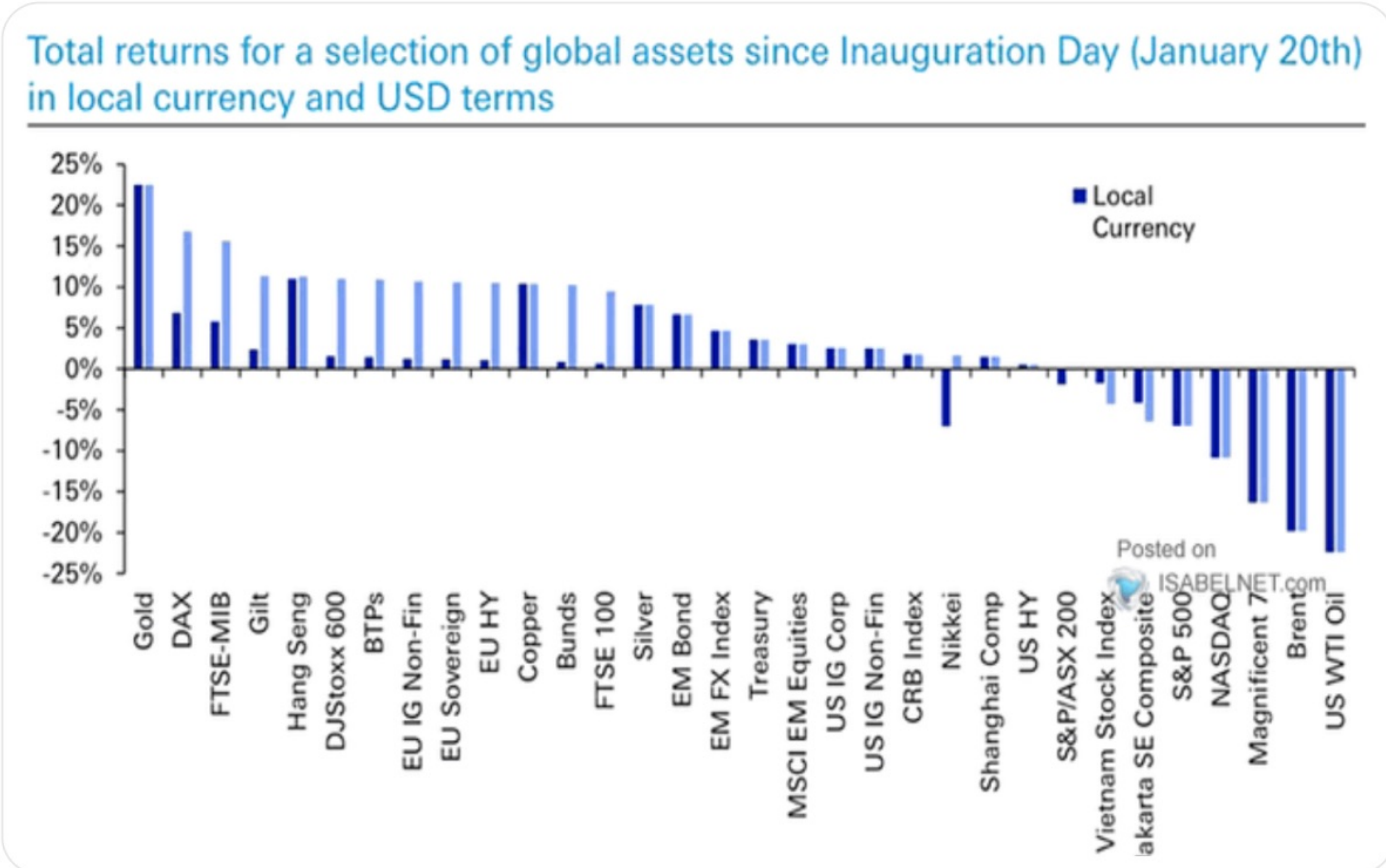
Since Inauguration Day, US stocks have significantly underperformed major global financial assets, largely due to trade tensions, policy uncertainty, and a notable shift in investor sentiment toward international markets.



Source: Deutsche Bank

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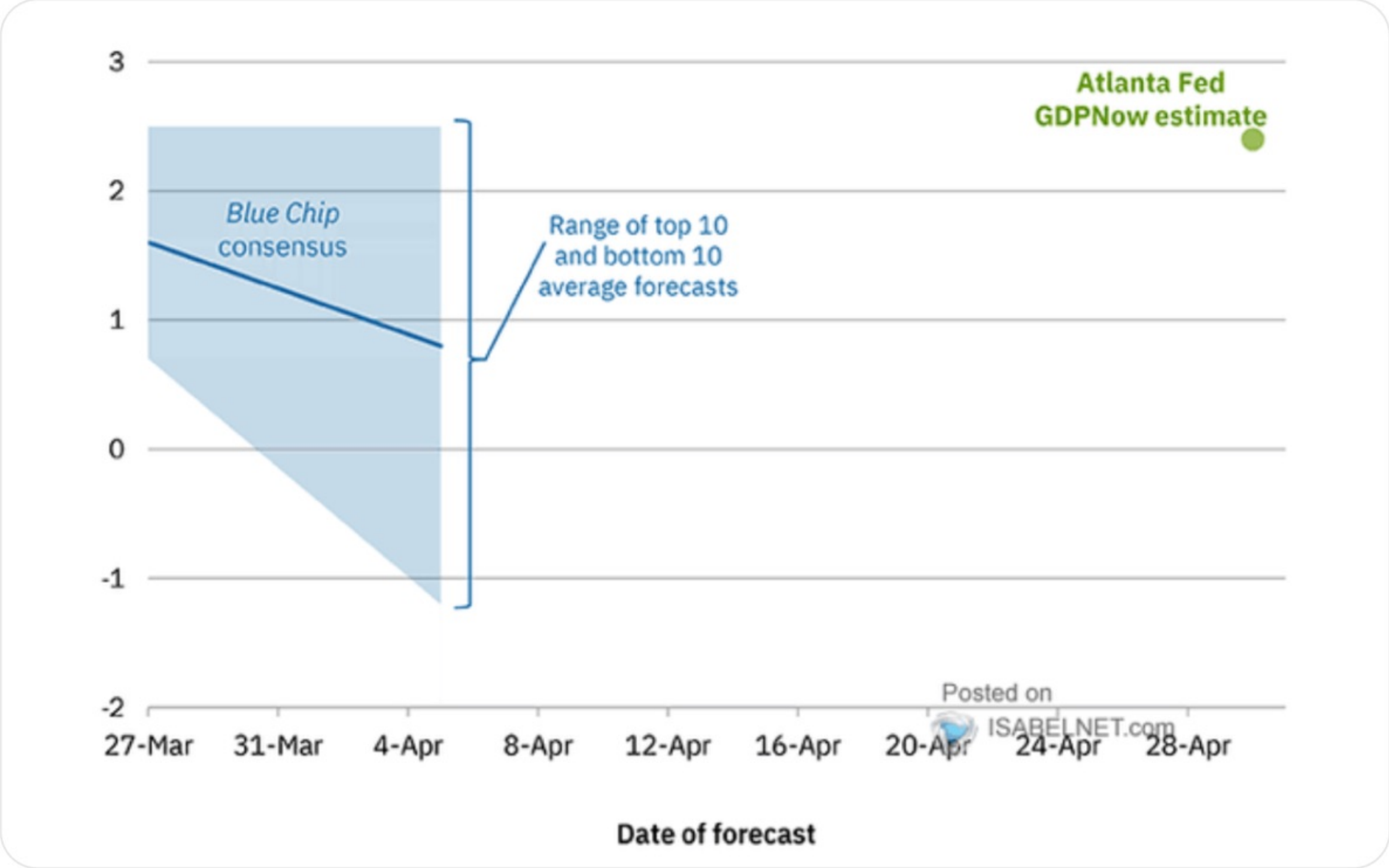
Market Update

Markets Department

Forget about that odd Q1 2025 GDP data point.
The Atlanta Fed's latest GDPNow model projects a 2.4% annualized increase in US real GDP for Q2 2025, suggesting a rebound in near-term economic momentum following a weak first quarter.



Source: The Atlanta Federal Reserve

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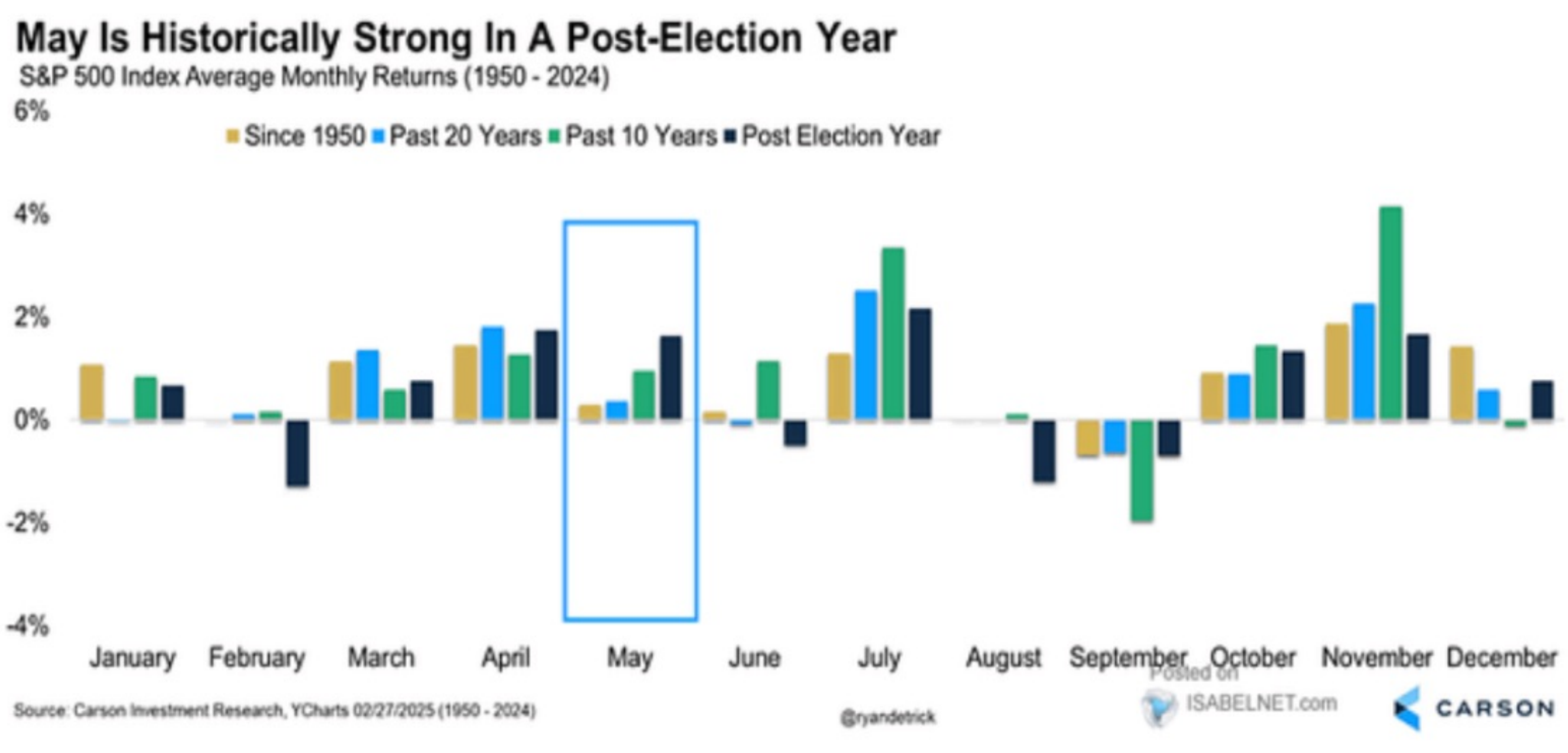
Market Update

Markets Department

Bulls have reason for optimism: historically, May is the fourth-best month for US stocks in post-election years, with an average gain of about 1.6%. This suggests there could be further upside ahead. Or not.



Source: Carson

In fact, the "sell in May and go away" adage is more myth than practical advice. Rather than trying to time the market, focusing on long-term goals is wiser-especially since May has delivered positive returns in 9 of the past 10 years.

Maybe We Should Call It Sell In June

S&P 500 Up In May Nine Of The Past 10 Years

Year	S&P 500 Index Return During May
2015	1.0%
2016	1.5%
2017	1.2%
2018	2.2%
2019	-6.6%
2020	4.5%
2021	0.5%
2022	0.0%
2023	0.2%
2024	4.8%
Average	0.9%
Median	1.1%
% Higher	90.0%

Posted on ISABELNET.com

Source: Carson Group, FactSet 4/28/2025 (1950 - Current)

@ryandetrick

CARSON

Source: Carson

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Markets Department

And despite recent volatility driven by trade concerns, as long as the S&P 500 index is trading above the 200-week moving average, the secular bull market remains intact.

Source: Isabelnet.com

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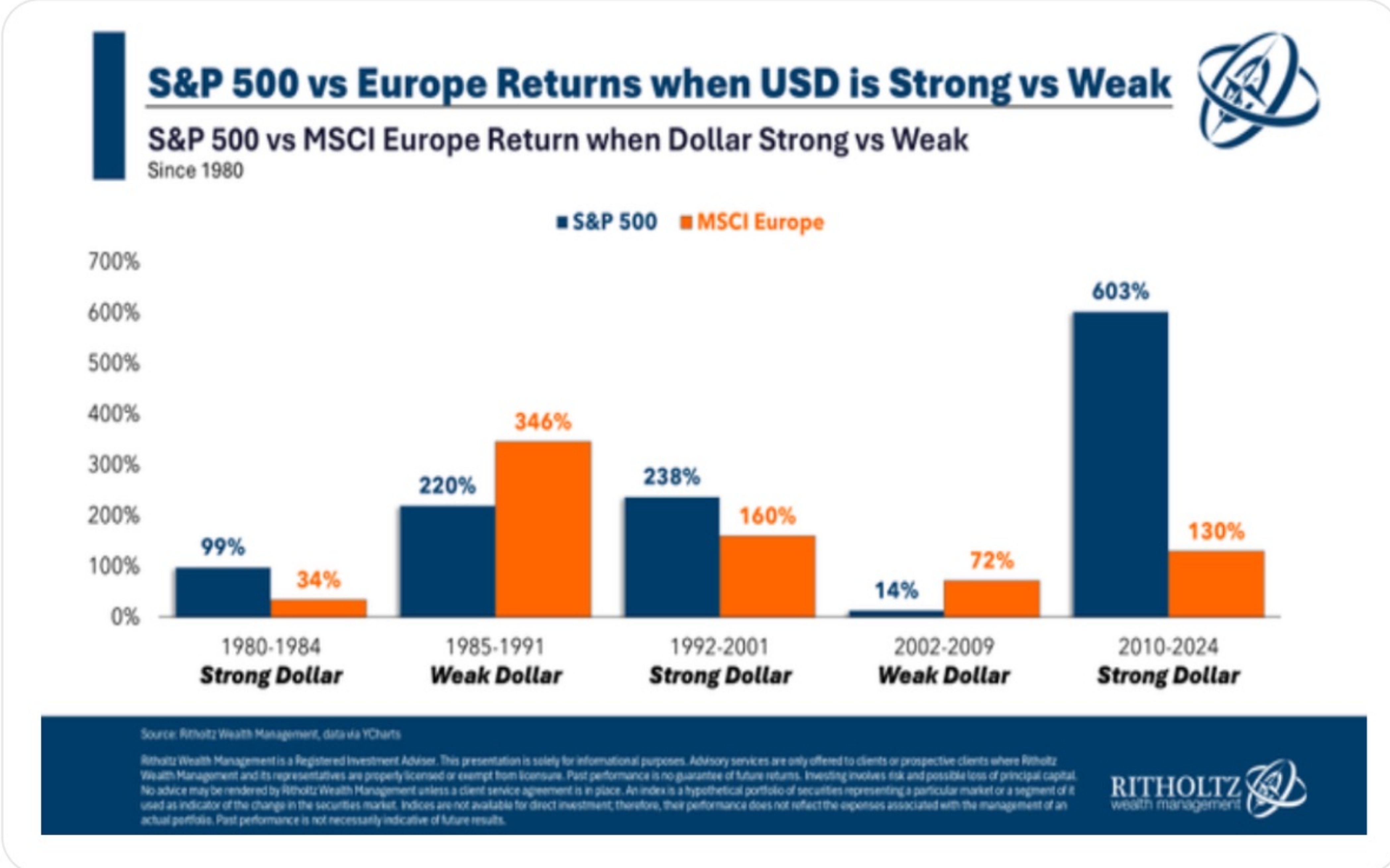
Market Update

Markets Department

Strong dollar: US stocks outperform
Weak dollar: International stocks outperform

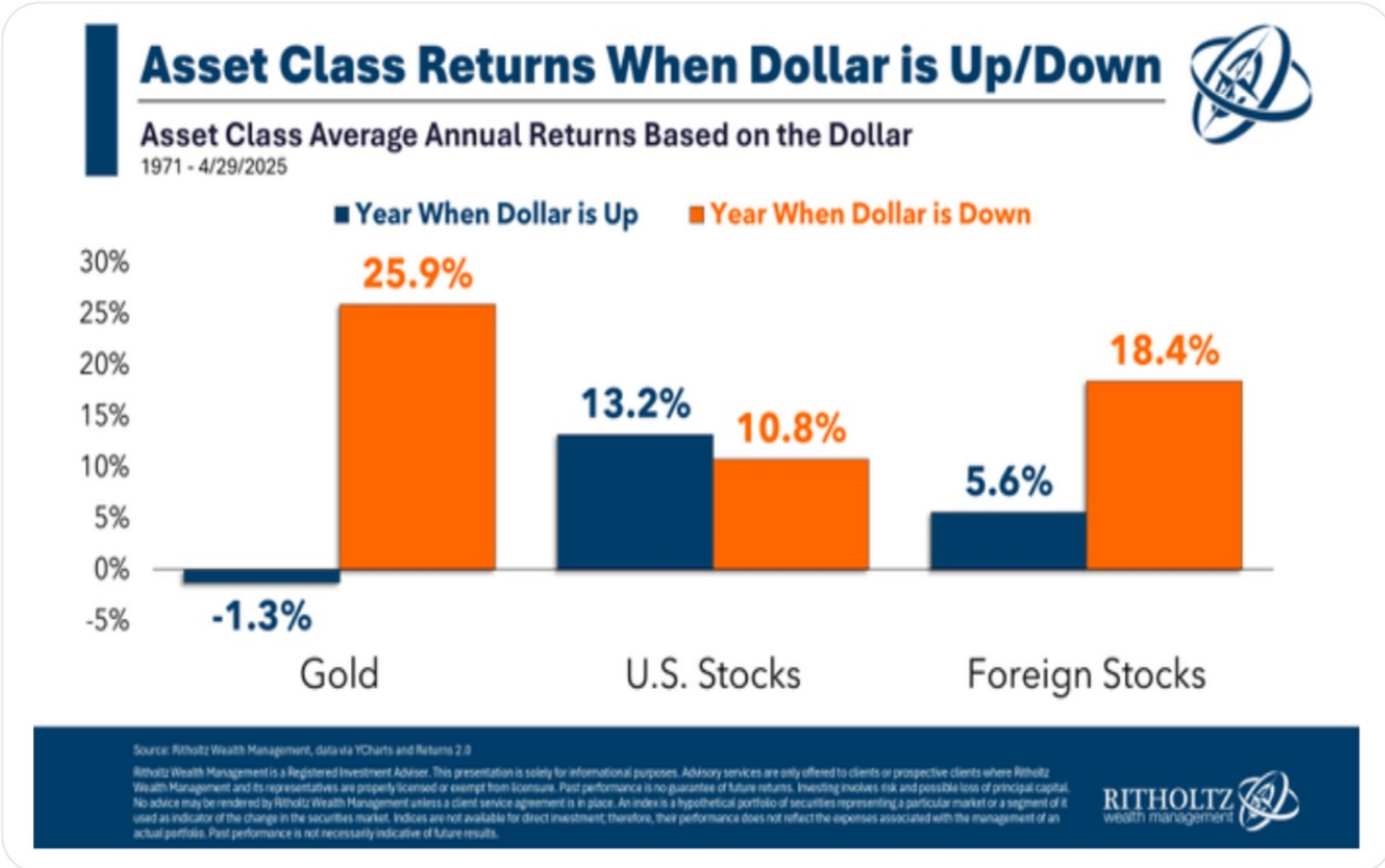


Source: Ritholtz

Market Update

Markets Department

Gold also tends to perform well when the dollar goes down.



Source: Ritholtz

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Market Update

HALO Technologies Corporate Earnings

ExxonMobil XOM'

Exxon's adjusted earnings fell to $1.76 per share for the March quarter from $2.06 a year earlier, compared with the FactSet-polled consensus of $1.75. Total revenue edged up to $83.13 billion from $83.08 billion, missing the Street's view for $86.35 billion.

Upstream earnings increased to $6.76 billion from $5.66 billion last year, buoyed by asset volume growth in the Permian and Guyana and structural cost savings, according to the company. Production improved 20% to 4.55 million oil-equivalent barrels a day but trailed the average analyst estimate of 4.63 million barrels.

Earnings in the energy product segment slid to $827 million from $1.38 billion, pulled down by weaker industry refining margins.

"In this uncertain market, our shareholders can be confident in knowing that we're built for this. The work we've done to transform our company over the past eight years positions us to excel in any environment," said Darren Woods, chairman and chief executive officer.

"In the first quarter, we earned $7.7 billion and generated $13.0 billion in cash flow from operations. Since 2019, the strategic choices we made to reduce costs, grow advantaged volumes, and optimize our operations have strengthened quarterly earnings power by about $4 billion at current prices and margins.3 This year, we're starting up 10 advantaged projects that are expected to generate more than $3 billion of earnings in 2026 at constant prices and margins.4 Continuously leveraging our competitive advantage is enabling the company to excel in the current market environment and deliver on our plans through 2030 and far into the future."

ExxonMobil is held in the "Big Oil" thematic portfolio.

Market Update

HALO Technologies Corporate Earnings

Chevron CVX

Chevron reported first-quarter adjusted EPS of $2.18, down from $2.93 last year, but above the Street's consensus of $2.16.

Total revenue fell to $47.61 billion from $48.72 billion, trailing the $48.25 billion market estimate.

The company's global oil-equivalent production remained nearly flat at 3.35 million barrels per day, above the Street's 3.33-million-barrel view. US upstream production increased to 1.64 million barrels a day from 1.57 million barrels, while international output was down 56,000 barrels a day.

Earnings in the US upstream segment dropped to $1.86 billion from $2.08 billion on a yearly basis, mainly due to higher operating expenses, while international upstream tumbled to $1.9 billion from $3.16 billion. In the downstream segment, US and international earnings declined amid lower margins on refined product sales.

“This quarter reflected continued strong execution and progress on our objective to deliver superior shareholder value,” said Mike Wirth, Chevron’s chairman and chief executive officer. Over the last three years, Chevron has returned more than $78 billion of cash to shareholders. “Despite changing market conditions, our resilient portfolio, strong balance sheet, and consistent focus on capital and cost discipline position us to deliver industry-leading free cash flow growth by 2026.”

In Kazakhstan, following the completion of the Future Growth Project (FGP) at the company’s Tengizchevroil (TCO) affiliate, production ramped up to name-plate capacity. In the United States, Permian Basin production grew with increased efficiencies, first oil was recently achieved on the Ballymore project in the Gulf of America on time and on budget, and the company sold a majority interest in its East Texas gas assets.

Chevron is held in the “Big Oil” thematic portfolio.

Market Update

HALO Technologies Corporate Earnings

Ingersoll Rand (IR)

Group revenues for the period rose 3% to $1,717 million, broadly in line with consensus expectations of $1,720 million.

Industrial Technologies and Services revenue declined 4% on an organic basis to $1,352 million, missing expectations of $1,370 million. Adjusted EBITDA for the segment fell 5% to $389 million, representing a margin of 28.8%, which was below the consensus estimate of 29.9%. The margin compression was primarily driven by lower organic volumes and the dilutive impact of recent acquisitions. Despite the softer top-line performance, orders in the division increased 3% organically, with a book-to-bill ratio of 1.10x, indicating healthy demand pipeline.

Precision and Science Technologies revenue decreased 3% organically to $365 million, though it exceeded consensus expectations of $361.5 million. Adjusted EBITDA in the segment grew 16% to $106 million, delivering a margin of 29.1%, which was in line with consensus estimates. Orders in the segment also rose 3%, and the book-to-bill ratio stood at 1.08x, suggesting balanced order conversion and continued customer engagement.

At the Group level, adjusted EBITDA totalled $460 million, missing expectations of $472.8 million. The EBITDA margin was 26.8%, down 70 basis points compared to the same period last year, reflecting mixed performance across business units.

Adjusted net income came in at $293 million, or $0.72 per share, just shy of consensus expectations of $0.73 per share.

On a reported basis, the Company generated $256 million of cash flow from operating activities and invested $34 million in capital expenditures, resulting in free cash flow of $223 million. This compares favourably to the prior year period's cash flow from operations of $162 million and free cash flow of $99 million. The company's net debt to adjusted EBITDA leverage was 1.6x at the end of the quarter, up from the prior year's 0.7x, primarily due to the acquisition of ILC Dover.

HALO Technologies

Market Update

HALO Technologies Corporate Earnings

The Group also provided updated guidance, which can be found below:

2025 Guidance

Ingersoll Rand is updating its guidance for full-year 2025 Adjusted EBITDA and Adjusted EPS ranges.

	Key Metrics	
	Initial Guidance as of 2/13/25	Revised Guidance as of 5/1/25
Revenue - Total Ingersoll Rand[2]	3-5%	3-5%
Ingersoll Rand (Organic)[1]	1-3%	(1)-1%
Industrial Technologies & Services (Organic)[1]	1-3%	(1)-1%
Precision & Science Technologies (Organic)[1]	1-3%	(1)-1%
FX Impact[3]	(~2%)	(~0.5%)
M&A[4]	~$300M	~$330M
Corporate Costs	(~$165M)	(~$165M)
Adjusted EBITDA[1]	$2,130M - $2,190M (+6% - +9% YoY)	$2,070M - $2,130M (+3% - +6% YoY)
Adjusted EPS[1]	$3.38 - $3.50 (+3% - +6% YoY)	$3.28 - $3.40 (~Flat - +3% YoY)

Ingersoll Rand is held in the Halo Technologies "Clean Tech" thematic portfolio.

HALO Technologies

Market Update

HALO Technologies Corporate Earnings

Omega Healthcare Investors (OHI)

Revenues for the quarter ended March 31, 2025, totalled $276.8 million, representing a $33.5 million increase over the same period in 2024. The increase was driven by revenue contributions from new investments completed throughout 2024 and into 2025, the impact of portfolio restructurings and transitions in 2024, and the effect of annual rent escalators. Within this, rental income accounted for $228.4 million but came in below consensus expectations of $234.4 million.

Expenses for the quarter totalled $175.3 million, marking a $1.2 million increase from the prior year. This was primarily attributed to higher severance expenses, increased depreciation and amortisation, and general and administrative costs.

Net income for the quarter was $109 million, missing consensus expectations of $120.6 million by 9.6%.

Adjusted Funds from Operations (AFFO) totalled $221 million, or $0.75 per common share, in line with consensus expectations. This compares to AFFO of $176 million, or $0.68 per share, in the first quarter of 2024—representing solid year-over-year growth.

Commenting on the results, Taylor Pickett, Omega's Chief Executive Officer, stated, "We are pleased with our first quarter results, as we continue to grow FAD per share, while further de-levering the balance sheet. We have accretively invested approximately $423 million year-to-date through April 30th and, as a result, we are increasing our 2025 AFFO guidance to be between $2.95 and $3.01 per share from our previous guidance of between $2.90 and $2.98 per share."

Omega Healthcare Investors is held in the Halo Invest "Silver Haired Economy" thematic portfolio.

Market Update

HALO Technologies Corporate Earnings

Air Products & Chemicals Inc. (APD)

Air Products reported fiscal Q2 adjusted earnings per share of $2.69 vs consensus $2.83 (missed by 4.9%), a 6% decrease year-over-year. Adjusted EBITDA was $1.2 billion (down 3%) vs consensus $1.22B (missed by 1.6%).

Consolidated sales for the second quarter remained flat at $2.9 billion (in line with expectations) compared to the prior year. This was the result of offsetting factors: 4% higher energy cost pass-through and 1% higher pricing were negated by 3% lower volumes, primarily due to the divestiture of the LNG business and decreased global helium demand, as well as 2% unfavorable currency impacts.

Regional performances:

- Americas: Sales increased by 3% to $1.3 billion. Operating income decreased 2% due to higher maintenance costs, partially offset by a favorable contract amendment and pricing. Adjusted EBITDA decreased 3%.
- Asia: Sales decreased by 1% from the prior year, as 3% unfavorable currency and 1% lower pricing were partially offset by 2% higher energy cost pass-through and 1% higher volumes. Operating income decreased 6%. Adjusted EBITDA increased 2%, benefiting from business mix.
- Europe: Sales increased by 9% from the prior year, as 5% higher energy cost pass-through, 4% higher pricing, and 2% higher volumes were partially offset by 2% unfavorable currency. Operating income decreased 3% due to higher costs and unfavorable business mix. Adjusted EBITDA increased 6%.
- Middle East and India: Equity affiliates' income increased 6% to $78 million, driven by performance in Saudi Arabia.

Key announcements made during the quarter included the appointment of Eduardo F. Menezes as Chief Executive Officer, an increase in the quarterly dividend to $1.79 per share (marking the 43rd consecutive year of increases), and the decision to exit three specific U.S. projects (World Energy Sustainable Aviation Fuel expansion in California, green liquid hydrogen project in New York, and a carbon monoxide project in Texas). These project exits and other strategic cost reduction measures were the main components of the aforementioned significant charge.

HALO Technologies

Market Update

HALO Technologies Corporate Earnings

Q3 FY2025 guidance:

- EPS: $2.90–3.00 vs consensus $3.27 (missed at midpoint by 10.8%).
- FY2025 guidance:
- EPS: $11.85–12.15 vs prior $12.70–13.00 and consensus $12.53 (missed at midpoint by 4.9%).
- Capex: ~$5B (raised from prior $4.5–5.0B).

Air Products & Chemicals Inc. (APD) is held in Halo Technologies “Carbon Neutrality and Energy Security” thematic portfolio.

HALO Technologies

Market Update

HALO Technologies Corporate Earnings

Dolby Laboratories (DLB)

Dolby reported fiscal Q2 EPS of $1.34 vs consensus $1.27 (beat by 5.5%) and $1.27 last year.

Revenue was slightly up from $365 million a year ago to $370M vs consensus $376.4M (missed by 1.7%). License Revenue was $346.0M vs consensus $349.1M (missed by 0.9%). Products and Services Revenue was $23.6M vs consensus $27.2M (missed by 13.2%).

Gross Margin (GAAP) was 90.3% vs consensus 90.2% (in line with expectations).

Business Highlights

- The Super Bowl and March Madness were available in Dolby Atmos and Dolby Vision.
- In the UK, Sky released the Sky Glass Gen 2 TV that supports Dolby Vision and a Dolby Atmos soundbar built into the TV.
- LG announced the evo C5 and G5 TVs with Dolby Atmos and Dolby Vision.
- Waipu.tv, a market leader in IPTV/OTT in Germany, announced support for Dolby Atmos and Dolby Vision.
- TOD, a leading streaming platform for sports and entertainment in the Middle East and Northern Africa, launched a 4K set-top box supporting Dolby Atmos and Dolby Vision.
- OPPO launched the Find X8 Ultra, Find X8s, and Find X8s+, all supporting Dolby Vision capture and playback.
- Sonos, Vizio, and Teufel released soundbars that support Dolby Atmos.
- Porsche announced that Dolby Atmos will be supported in the Taycan, the Panamera, the Cayenne, and the 911 in the 2026 models.
- Cadillac announced that its entire EV lineup in 2026 will support Dolby Atmos.
- Volvo, Xiaomi, and Hyundai recently announced new vehicle models that support our technologies.
- Dolby Laboratories and AMC Entertainment announced an expansion of their partnership that will add 40 Dolby Cinema screens at select locations nationwide by 2027.

HALO Technologies

Market Update

HALO Technologies Corporate Earnings

"We had a strong second quarter with continued momentum across our end markets, especially in Auto and Mobile," said Kevin Yeaman, President and CEO, Dolby Laboratories. "While there is economic uncertainty, we are well positioned to operate across a range of scenarios. We are in a strong financial position, we continue to see strong engagement from our ecosystem, and we remain focused on driving long-term growth."

Q3 FY2025 Guidance:

- EPS: $0.62–0.77 vs consensus $0.81 (missed at midpoint by 13.6%).
- Revenue: $290–320M vs consensus $307.1M (largely in line).
- FY2025 Guidance (Sep 2025):
- EPS: $3.88–4.03 vs consensus $4.04 (missed at midpoint by 2.5%).
- Revenue: $1.31–1.38B vs consensus $1.35B (largely in line).

Dolby Laboratories (DLB) is held in HALO Technologies “Entertainment” thematic portfolio.

HALO Technologies

Market Update

HALO Technologies Corporate Earnings

Brookfield Renewable Partners LP (BEP)

In the first quarter, the company achieved record Funds From Operations (FFO) of $315 million, equating to $0.48 per unit vs consensus $0.47. This represents a 15% year-over-year increase when accounting for strong hydro conditions in the previous year, and a 7% reported increase.

The company remains on track to meet its target of over 10% FFO per unit growth in 2025, driven by operational efficiencies, the integration of new capacity, recent acquisitions, and ongoing capital recycling activities.

- The hydroelectric segment contributed $163 million in FFO with generation aligned with the long-term average, and is well-positioned for Q2 and the rest of 2025 due to favorable hydro conditions in North America and a strong performance from the Colombian business, Isagen, which saw generation well above its long-term average and significantly higher EBITDA year-over-year.
- The wind and solar segments generated $149 million in FFO, boosted by newly commissioned assets and the acquisition of interests in Neoen and a large offshore wind portfolio in the U.K., both reportedly performing as expected.
- The distributed energy, storage, and sustainable solutions segments saw significant growth, doubling their combined FFO to $126 million, benefiting from asset improvements, development pipeline expansion, and a gain from the sale of an interest in First Hydro, with the Westinghouse nuclear business also performing well.

HALO Technologies

Market Update

HALO Technologies Corporate Earnings

Revenue was up from the year-ago $1.49B to $1.58B.

"We had a strong start to the year, delivering record results from our large, highly contracted, global operating fleet, which is now approaching 45,000 megawatts diversified across the lowest cost energy technologies. We were also successful advancing our growth initiatives, highlighted by our agreement to acquire National Grid Renewables and completing the privatization of Neoen," said Connor Teskey, CEO of Brookfield Renewable.

He continued, "The fundamentals for energy remain strong as investment in digitalization and reindustrialization is driving demand growth that far exceeds supply. This imbalance persists despite weaker market sentiment due to uncertainty of the impacts of tariffs globally. In the current environment, we feel our business is differentiated by its resiliency, strong balance sheet, and strategic positioning, allowing us to not only continue to execute, but also capitalize on the current environment to opportunistically grow our platform and extend our leadership position."

Key highlights:

- Executing asset recycling, closing and agreeing to the sale of $900 million of assets and businesses ($230 million net to Brookfield Renewable) in the quarter.
- Advancing commercial priorities including securing contracts to deliver an incremental ~4,500 gigawatt hours per year of generation. BEP to view the initial 10,500 megawatts scoped into the agreement as the minimum.
- Delivered ~800 megawatts of capacity during the quarter and expect to bring on ~8,000 megawatts of new renewable capacity this year.
- Deployed or committed $4.6 billion ($500 million net to Brookfield Renewable) across multiple investments, adding leading platforms and assets in the U.S. and globally. This included completing the privatization of Neoen and agreeing to acquire National Grid Renewables.

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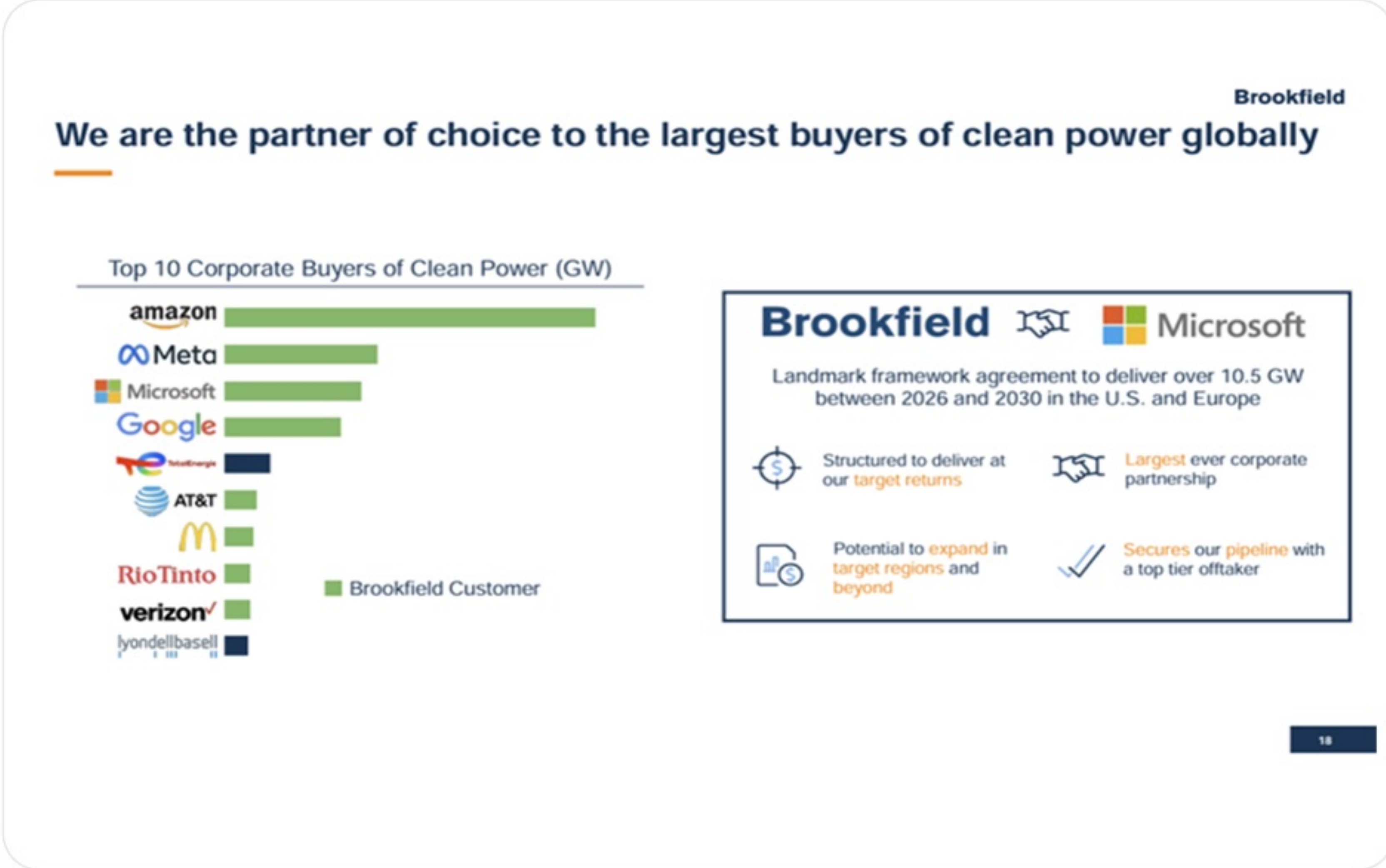
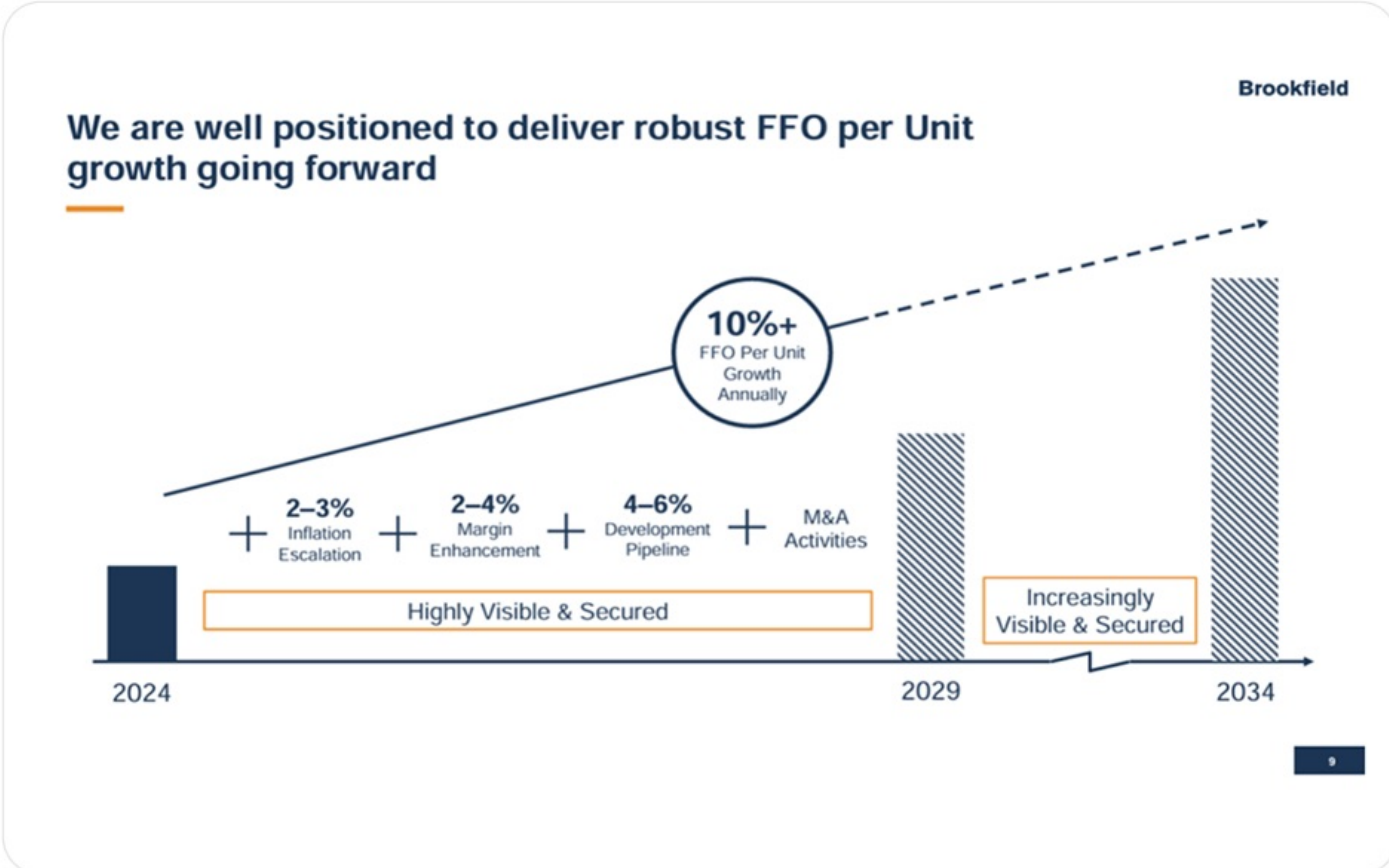
Market Update

HALO Technologies Corporate Earnings



Source: Company reports



Source: Company reports

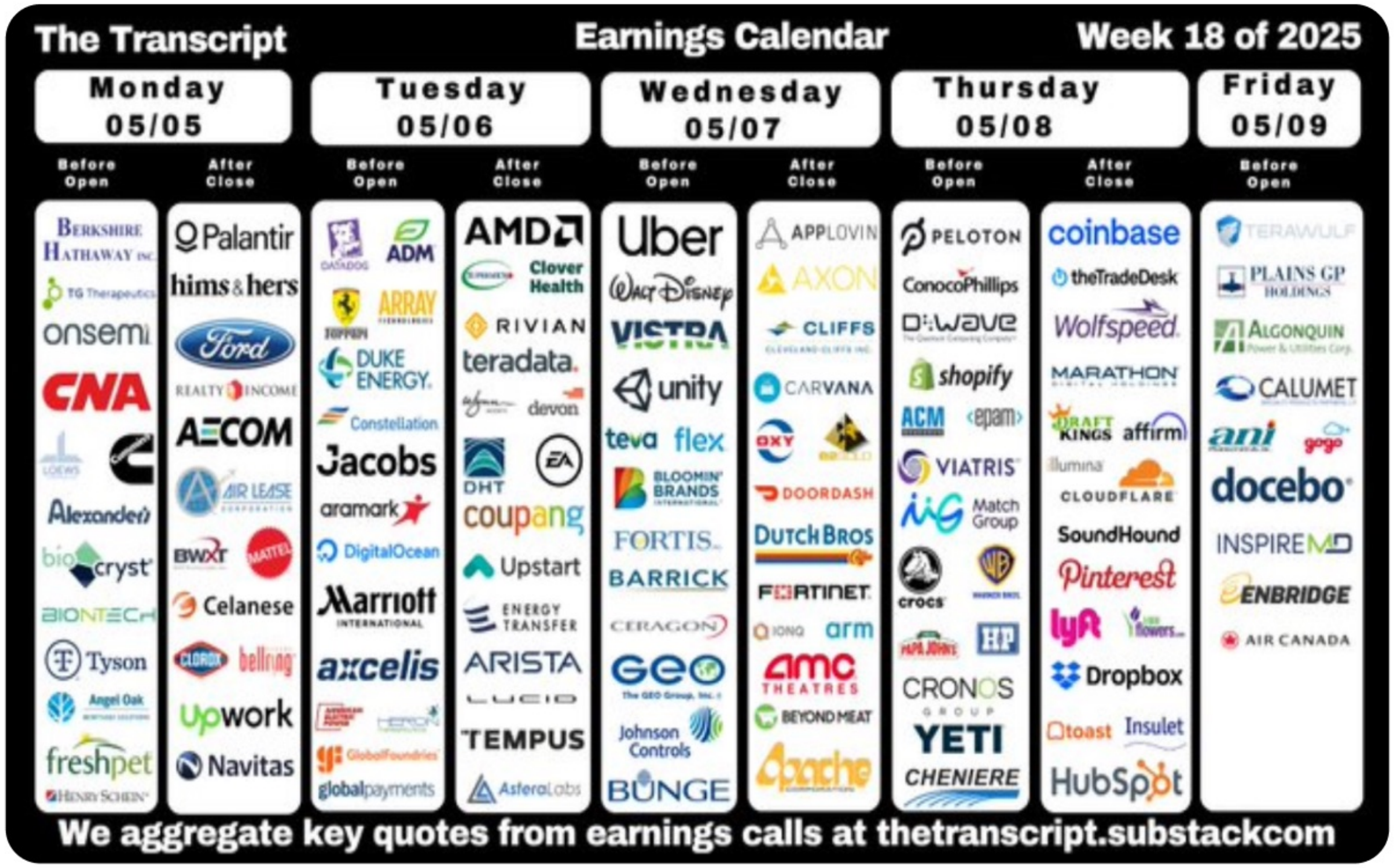
Brookfield Renewable Partners LP (BEP) is held in Halo Technologies "Carbon Neutrality and Energy Security" thematic portfolio.

HALO Technologies

The Week Ahead

The Week Ahead

Earnings for Q1 2025 on deck this week.



Source: The Transcript

Halo companies reporting include Palantir, Vertex Pharmaceuticals, AECOM, ADM, AMD, Arista Networks, Ferrari, Uber, Disney, Toyota, Nintendo, Rheinmetall, MercadoLibre, Novo Nordisk, Flex, Johnson Controls, Bunge, The Trade Desk, Pinterest, Draft Kings.

Source: The Transcript

(Remember we are a day later in Australia)

Economic data this week

This week in earnings

U.S. Economic data to be released this week:

A very light week data wise but we do have a Fed meeting (FOMC) and as always post meeting commentary will be of value. While the FOMC is expected to leave the federal-funds rate unchanged on Wednesday, Federal Reserve Chairman Jerome Powell's press conference will be must-see-tv. Powell, the target of much criticism from the White House, has been preaching patience as the Federal Reserve seeks more clarity on the effects of President Donald Trump's tariff policy.

	Time (ET)	Report	Period	Actual	Median forecast	Previous
Monday May 5	9:45 am	S&P final U.S. services PMI	Apr.	--	--	51.4
	10:00 am	ISM services	Apr.	--	--	50.8%
Tuesday May 6	8:30 am	U.S. trade deficit	Mar.	--	--	-$122.7B
Wednesday May 7	2:00 pm	FOMC meeting	--	--	--	--
	2:30 pm	Fed Chair Powell press conference	--	--	--	--
	3:00 pm	Consumer credit	Mar.	--	--	-$800 million
Thusday May 8	8:30 am	Initial jobless claims	May. 3	--	--	--
	8:30 am	U.S. productivity	Q1	--	--	1.5%
	10:00 am	Wholesale inventories	Mar.	--	--	0.3%
Friday May 8	--	None scheduled	--	--	--	--

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Postscript

Uh Oh!!

CNBC's Jim Cramer says there won't be a U.S. recession.

Source: CNBC

HALO Technologies

Contact us

Australia

1300 348 007
help@halo-technologies.com
www.halo-technologies.com

United Kingdom

0141 673 3082
hello@haloinvest.co.uk
www.haloinvest.co.uk

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