



Finmeccanica First Quarter 2009 Results Presentation

29 April 2009



- NOTE: Some of the statements included in this document are not historical facts but rather statements of future expectations, also related to future economic and financial performance, to be considered forward-looking statements. These forward-looking statements are based on Company's views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Given these uncertainties, you should not rely on forward-looking statements.
- The following factors could affect our forward-looking statements: the ability to obtain or the timing of obtaining future government awards; the availability of government funding and customer requirements both domestically and internationally; changes in government or customer priorities due to program reviews or revisions to strategic objectives (including changes in priorities to respond to terrorist threats or to improve homeland security); difficulties in developing and producing operationally advanced technology systems; the competitive environment; economic business and political conditions domestically and internationally; program performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; our ability to achieve or realize savings for our customers or ourselves through our global cost-cutting program and other financial management programs; and the outcome of contingencies (including completion of any acquisitions and divestitures, litigation and environmental remediation efforts).
- These are only some of the numerous factors that may affect the forward-looking statements contained in this document.

1Q 2009 Financial Highlights vs 1Q2008



Finmeccanica grew both overall (including contribution of DRS Technologies, fully consolidated) and on a like-for-like basis.

- ⇒ Revenues up 34% to € 3.9bn (+9% organic)
- ⇒ EBITA Adj. up 82% to € 242mln (+20% organic)
- ⇒ ROS up to 6.2%, from 4.6% in 2008

- ⇒ Net profit adjusted (**) up 50% to € 108mln (+13% organic)
- ⇒ FOCF €(951)mln (-2%) from € (928)mln in 2008
- ⇒ Net debt up to € 4.479bn, from € 3.383bn in 2008
- ⇒ Order intake at € 3.9bn
- ⇒ ROI up to 16.3%, vs 16.2% in 2008, following DRS acquisition

(**) Excluding extraordinary operations

Main Financial Results



(EUR mln)	1Q 09	1Q 08	% change	FY08
Revenues	3,911	2,916	34%	15,037
EBITA Adj.	242	133	82%	1,305
EBITA Adj. margin	6.2%	4.6%	+1.6pp	8.7%
EPS Adj (€ cents) (*)	0.17	0.15	17%	1.39
New Orders	3,917	3,292	19%	17,575
Order Backlog	43,319	38,888	11%	42,937
Working Capital	1,503	1,220	23%	560
Net Financial Debt	4,479	1,928	132%	3,383

(*) Earnings per share net of extraordinary items and minorities

FINMECCANICA stand alone

⚡ Revenues	€ 3,164mln (+8.5%)
⚡ EBITA Adj	€ 159mln (+19.5%)
⚡ Adjusted Net profit	€ 81mln (+12.5%)
⚡ Orders	€ 2,803mln (-14.9%)
⚡ FOCF	€ (927)mln (+0.1%)

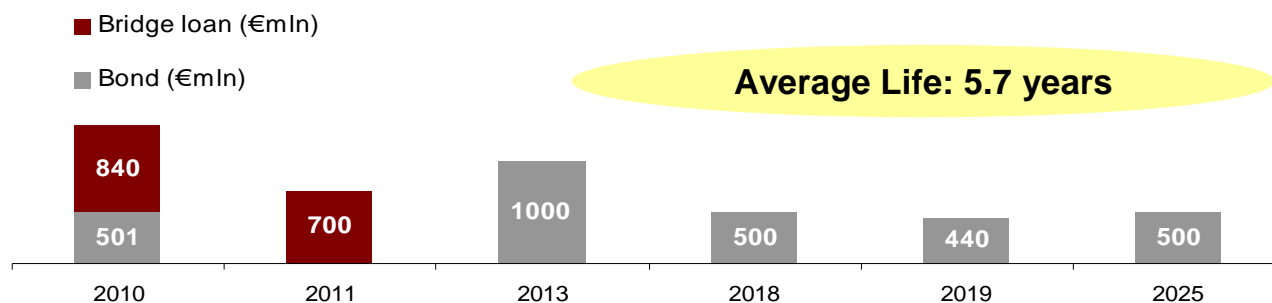
DRS contribution in 1Q2009

⚡ Revenues	€ 747mln
⚡ EBITA Adj	€ 83mln
⚡ Net profit	€ 27mln
⚡ Orders	€ 1,114mln
⚡ FOCF	€ (24)mln

Financials in first months 2009

- ✦ January, repayment of DRS Bonds equal to \$ 1.15 bln
- ✦ February, re-opening of 2013 bond for additional € 250 mln
- ✦ April, first GBP bond for £ 400 mln with 10 year maturity

Debt: average maturity 5.7 years, average interest rate ~ 5%; No need of refinancing before 2010



Bond				
Issuer	Notional Amount (€m)	Issue Date	Coupon (bps)	Maturity
Finm. Finance ²	501	2003	37,5	ago-10
Finm. Finance ³	1000	2008-2009	812,5	dic-13
Finm. Finance	500	2003	575	dic-18
Finm. Finance ⁴	440	2009	800	dic-19
Finmeccanica SpA	500	2005	487,5	mar-25
Total	2941			

² Bonds exchangeable in 20,000,000 STMicroelectronics N.V. shares

³ Tap € 250 mln on 2013 Bond.

⁴ Issued in April in GBP for a total amount of £ 400 mln

Bridge Loan for DRS acquisition					
Tranche	Size	Outstanding	Tenor	Maturity	Margin (bps)
Tranche A	1000	0	1	June 2010	70
Tranche B ¹	1500	840	1+1	June 2010	85
Tranche C	700	700	3	June 2011	85
Total	3200	1540			

¹ Amount outstanding after April Bond issue

Credit Lines	
Medium Term Revolving	
Size	€ 1.200 mln
Tenor	Committed until 2012
Interest	Euribor+ 23 bps
Short Term Lines	
Size	€ 966 mln of which € 841 mln uncommitted

FINMECCANICA Credit Rating			
Agency	Date	Medium-Long Term Debt	Outlook
MOODY'S	29 August 2005	A3	STABLE
S&P	1 July 2004	BBB	STABLE
FITCH	13 May 2008	BBB	POSITIVE

Business Division Review

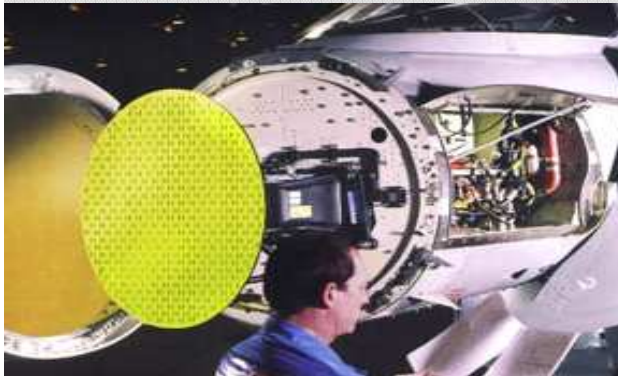
Helicopters



(€mln)	Q1 09	Q1 08	%change
Revenues	756	713	6%
EBITA Adj	74	85	(13%)
Orders	702	795	(12%)
Backlog	10,513	10,481*	0,3%

* Backlog at 31/12/2008

- **Revenue** growth driven by product support, of which IOS for UK MoD +14% YoY
- **Order** decrease mainly due to impact of economic crisis on commercial segment partially offset by a large increase in customer support and military
- **Profitability** mainly impacted by sterling translation and programme mix



(€mln) Q1 09 Q1 08 %change

Revenues*	1,427	677	111%
EBITA Adj	110	21	424%
Orders	1,475	857	72%
Backlog	11,001	10,700**	3%

* In 2008, DRS consolidated from 22 October 2009 to 31 December. In 2009, DRS has been fully consolidated.

** Backlog at 31/12/2008

- **Revenue** growth, +7% excluding DRS and sterling translation effect, driven by Command and Control systems (i.e. ATC, Naval and Security systems), avionics and electro-optical systems (i.e. EFA-DASS activities)
- **Orders** driven by strong intake for DRS (orders from US Army for Movement Tracking System, Thermal Weapon Sight, Mast Mounted Sight and Tactical Quiet Generators)
- Other divisions recorded orders above all for avionics and electro optical systems (i.e EFA –DASS and logistic activities) and radar, command & control systems
- **EBITA** rose by €10m, excluding DRS contribution (83M€) and sterling translation impact, due to increased activity in Command & Control and improved profitability in Communications



(€mln)	Q1 09	Q1 08	%change
Revenues	553	491	13%
EBITA Adj	22	19	16%
Orders	319	526	(39%)
Backlog	8,245	8,281*	(0,4%)

* Backlog at 31/12/2008

- **Revenue** growth driven by Eurofighter, military trainers and ATR
- **Order** decrease mainly due to programme slippage, partially offset by further tranche of C27J-JCA and civil (A380, B777, A321 and ATR customer service). On 25 February, Finmeccanica selected by UAE Government for 48 M-346 advanced lead-in fighter trainers.
- **Profitability** satisfactory and in line with volume growth



(€mln)	Q1 09	Q1 08	%change
Revenues	191	203	(6%)
EBITA Adj	(1)	3	
Orders	225	211	7%
Backlog	1,449	1,383*	5%

* Backlog at 31/12/2008

- **Order** growth mainly driven by Service (i.e Earth Observation - GMES – and Galileo)
- **Revenues** driven by commercial and military Telcos (i.e Globalstar, Sicral 1B), Earth Observation (i.e Cosmo Sky Med, GMES, GOCE) and Galileo
- Decrease in **Profitability** mainly due to weaker mix in Manufacturing



(€mln)	Q1 09	Q1 08	%change
Revenues	232	247	(6%)
EBITA Adj.	11	18	(39%)
Orders	104	303	(66%)
Backlog	3,747	3,879*	(3%)

* Backlog at 31/12/2008

- **Revenue** decrease due to lower volumes in Missiles.
- **Orders** driven by Missiles (Brimstone for UK MoD and customer support) and Land&Naval (Turkey and Greece). Q1 2008 benefited from large acquisition in Missiles (SPADA Pakistan) and Underwater (Fremm).
- **Profitability** decrease mainly due to lower volumes in Missiles

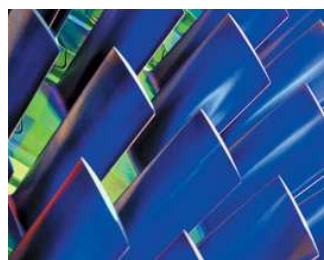


Transport

(€mln)	Q1 09	Q1 08	%change
Revenues	427	379	13%
EBITA Adj.	29	18	61%
Orders	772	220	251%
Backlog	5,218	4,858*	7%

Transport

- **Order** growth mainly from Signalling and Systems (ERTMS systems). Orders for Vehicles from Taipei Circular line and tram Sirio for Kayseri.
- **Revenue** growth driven by Signalling (high Speed Milan-Bologna) and **Systems** (metro Copenhagen, Rome line C and Brescia) and **Vehicles** (Milan Ferrovie Nord, Naples Circumvesuviana)
- **Profitability** increase due to higher volumes in Signalling and Systems and slight improvement in Vehicles



Energy

(€mln)	Q1 09	Q1 08	%change
Revenues	333	229	46%
EBITA Adj.	31	14	121%
Orders	214	439	(51%)
Backlog	3,661	3,779*	(3%)

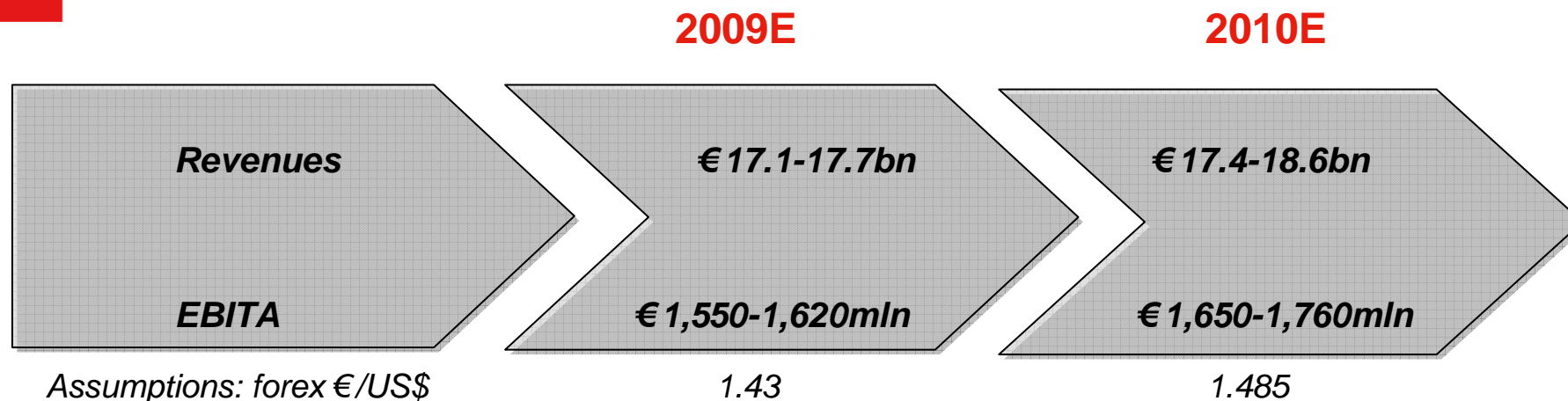
Energy

- **Revenue** growth driven by both Plant and Services
- **EBITA** increase due to higher volumes and better profitability in New Units segment
- **Order** decrease due to acquisitions slippage. Main orders for New Units and Services

* Backlog at 31/12/2008

Confirming our Guidance for 2009 and 2010 (DRS Included)

FINMECCANICA



- Cumulative FOCF(*) 2008-2010, including DRS, €1.3–1.5bn, of which ca. €400 – 500mln expected in 2009
- Dividend policy: increase together with profits
- Net bank debt/EBITDA \leq 1.8x

Guidance achieved for each of last six years. Management still fully committed to setting and pursuing targets for both 2009 and 2010. However, the deteriorating economic and financial outlook lowers visibility and increases uncertainty

(*) Free Operating Cash Flow: Operating Cash after investments, net financial charges and taxes

APPENDIX

1Q 2009 Results – Profit & Loss



CONSOLIDATED PROFIT AND LOSS ACCOUNT			
<i>€mil.</i>	1Q 2009	1Q 2008	Change %
Revenues	3,911	2,916	34%
Costs for purchases and personnel	(3,512)	(2,670)	
Depreciation and amortisation	(130)	(98)	
Other net operating revenues (costs)	(27)	(15)	
EBITA Adj (*)	242	133	82%
<i>EBITA Adj (*) margin</i>	6.2%	4.6%	
Non-recurring revenues (costs)	-	-	
Restructuring costs	(3)	(4)	
PPA amortisation	(23)	(6)	
EBIT	216	123	76%
<i>EBIT margin</i>	5.5%	4.2%	
Net finance income (costs)	(39)	69	
Income taxes	(69)	(66)	
Net profit before discontinued operations	108	126	-14%
Profit of discontinued operations	-	-	
Net profit	108	126	-14%
<i>Group</i>	98	119	
<i>Minorities</i>	10	7	
EPS (EUR)			
<i>Basic</i>	0.170	0.266	
<i>Diluted</i>	0.169	0.266	
EPS of continuing operations (EUR)			
<i>Basic</i>	0.170	0.266	
<i>Diluted</i>	0.169	0.266	

(*) Operating result before:

-any impairment in goodwill;

-amortisations of intangibles acquired under business combination;

-reorganization costs that are a part of significant, defined plans;

-other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

Balance Sheet at the end of March 2009



BALANCE SHEET		
	<i>€ mil.</i>	
	31.03.2009	31.12.2008
Non-current assets	13,478	13,113
Non-current liabilities	(2,708)	(2,655)
	10,770	10,458
Inventories	4,713	4,365
Trade receivables	8,886	8,329
Trade payables	(12,096)	(12,134)
Working capital	1,503	560
Provisions for short-term risks and charges	(604)	(632)
Other current net assets (liabilities)	(877)	(873)
Net working capital	22	(945)
Net invested capital	10,792	9,513
Capital and reserves attributable to equity holders of the Company	6,142	5,974
Minority interests	171	156
Shareholders' equity	6,313	6,130
Net debt (cash)	4,479	3,383
Net liabilities (assets) held for sale	-	-

Cash Flow 1Q 2009



CASH FLOW		
<i>€ mil.</i>	1Q 2009	1Q 2008
Cash and cash equivalents at 1 January	2,297	1,607
Gross cash flow from operating activities	407	257
Changes in other operating assets and liabilities	(210)	(189)
Funds From Operations (FFO)	197	68
Changes in working capital	(885)	(723)
Cash flow generated from (used in) operating activities	(688)	(655)
Cash flow from ordinary investing activities	(263)	(273)
Free operating cash flow (FOCF)	(951)	(928)
Strategic operations	(26)	187
Change in other financing activities	(50)	(12)
Cash flow generated (used) by investment activities	(339)	(98)
Share capital increase	(2)	0
Cash flow from financing activities	(546)	(57)
Cash flow generated (used) by financing activities	(548)	(57)
Exchange gains/losses	7	(8)
Cash and cash equivalents at 31 March	729	789

Divisions 1Q 2009



1Q 2009 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	756	1,427	553	191	232	333	427	80	(88)	3,911
EBITA*	74	110	22	(1)	11	31	29	(34)		242
EBITA* margin (%)	9.8%	7.7%	4.0%	-0.5%	4.7%	9.3%	6.8%	<i>n.a.</i>		6.2%
Depreciation and amortisation	37	53	35	6	7	5	6	4		153
Investment in non-current assets	40	50	106	12	12	11	7	1		239
Research and development costs	79	136	83	14	60	5	11			388
New orders	702	1,582	319	225	104	214	772	64	(65)	3,917
Order backlog	10,513	11,001	8,245	1,449	3,747	3,661	5,218	356	(871)	43,319
Headcount	10,340	30,229	13,812	3,659	4,072	3,373	7,102	798		73,385

1Q 2008 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	713	677	491	203	247	229	379	50	(73)	2,916
EBITA*	85	21	19	3	18	14	18	(45)		133
EBITA* margin (%)	11.9%	3.1%	3.9%	1.5%	7.3%	6.1%	4.7%	<i>n.a.</i>		4.6%
Depreciation and amortisation	24	27	28	6	7	4	5	3		104
Investment in non-current assets	22	48	127	8	11	12	8	2		238
Research and development costs	62	143	113	12	46	5	13			394
New orders	795	857	526	211	303	439	220	17	(76)	3,292
Order backlog (31/12/2008)	10,481	10,700	8,281	1,383	3,879	3,779	4,858	348	(772)	42,937
Headcount (31/12/2008)	10,289	30,330	13,907	3,620	4,060	3,285	7,133	774		73,398

*Operating result before:

- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.

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