



Finmeccanica Q1 2006 Results

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Financial Highlights

- Revenues and EBIT up 27% and 32% respectively
- Strong performance by Helicopters, Defence Electronics, Aeronautics and Energy
- Net profit of Eur 383m benefits from capital gain on Ansaldo listing of Eur 355m
- Net profit, excluding capital gain, rises from Eur 7m to Eur 28m
- Increase of 35% in net debt due to seasonal factors (D/E 30%)
- Order intake rose by 39% driven by Helicopters, Aeronautics and Energy
- Backlog of Eur 34.2 bn covers almost 3 years of production

Main Financial Results

(Eur mln)	1Q 06	1Q 05	%change	FY 05
Revenues	2,748	2,157	+27	11,469
EBIT	100	76	+32	735
EBIT Margin	3.6%	3.5%		6.4%
Net income <i>Excluding capital gain</i>	383 28	7	n.s.	396
New orders	4,199	3,031	+39	15,383
Working Capital	703	1,677	n.s.	17
Net financial debt	1,481	1,611	n.s.	1,100
Debt/Equity	30%	39%		24%
Order Backlog	34,194	26,039	n.s.	32,114

Recent Events

- Additional Ansaldo STS shares sold (Greenshoe) for Eur 60m in April bringing total IPO net proceeds to Eur 458m. Shares closed yesterday at Eur 8.8, up 13% vs IPO price of Eur 7.8
- Intergovernmental framework agreement signed between Russian and Italian ministers in April promotes bilateral partnership projects for Finmeccanica and Russian companies in local market: Sukhoi-Alenia for Russian Regional Jet, secure communications TETRA programme, postal automation, air traffic control and rail systems
- Boeing enters Joint Cargo Aircraft programme in April together with Alenia/Finmeccanica to offer C27J to US Army and Air Force



Business Division Review

Helicopters: high order intake supports solid growth

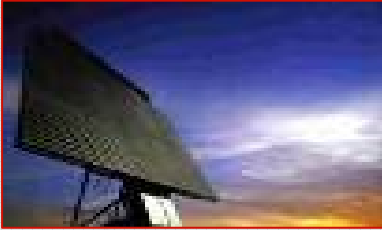


(Euro mln)	Q1 06	Q1 05	FY 05
Revenues	603	548	2,490
Ebit	44	41	272
Orders	1,836	1,274	3,712
Backlog	8,536	6,449	7,397

- Revenue growth driven by production start-up on US 101 and AW139 ramp up
- Ebit improves due to higher volumes and integration benefits
- Major military and civil order wins:
 - Military: contracts worth Eur 1.2bn in UK for Naval Merlin EH101 upgrades and operational support
 - Civil: high order intake for new helicopter models AW 139 (33 a/c) and A109 Grand (14 a/c). AW 139 backlog now exceeds 130 a/c

Integration plan on track

Defence electronics: profitability on track



(Euro mln)	Q1 06	Q1 05	FY 05
Revenues	778	445	3,324
Ebit	42	21	269
Orders	629	627	4,627
Backlog	7,530	3,303	6,946

- Revenues up 70% due above all to contribution of UK avionics and Datamat
- Revenues up 13% like-for-like due to increased production of radar command & control systems
- Ebit rises by Eur 21m due to consolidation of UK avionics and Datamat, improved performance from radar, command & control and IT activities

Commercial opportunities in Security and Eurofighter exports

Aeronautics: civil outlook continues to improve



(Euro mln)	Q1 06	Q1 05	FY 05
Revenues	463	402	2,046
Ebit	15	10	166
Orders	431	333	3,230
Backlog	6,935	5,374	6,865

- Increased production of C27J (Italy and Greece) and ATR drive increase in revenues
- Improvement in Ebit and margin primarily due to higher volumes
- Order intake for ATR continues apace (18 a/c in Q1)

Export opportunities for C27J, Eurofighter and trainers

Space: institutional and commercial TLC outlook improving



(Euro mln)	Q1 06	Q1 05	FY 05
Revenues	140	170	736
Ebit	9	12	26
Orders	218	110	599
Backlog	1,237	1,385	1,154

- Revenues down but not comparable due to Alcatel-Finmeccanica alliance only operational from 1 July 05
- Good order intake for commercial satellites
- Increased revenues and solid operating performance by Services; profitability lower for Manufacturing due to expensing higher SG&A and R&D costs
- Outlook for institutional market improving: Eur 1bn contract signed in January between Galileo Industries and ESA for development and manufacturing of first four satellites of Galileo constellation (30 satellites)

Defence Systems: profitability improves but outlook remains challenging



(Euro mln)	Q1 06	Q1 05	FY 05
Revenues	225	196	1,154
Ebit	7	2	112
Orders	89	138	763
Backlog	3,731	4,121	3,869

- Revenues up due to higher missile and land armament activities
 - Increased export deliveries of stand-off cruise missiles
- Ebit improves due to higher volumes and programme mix
- Acquisition of LFK, the German missiles company, consolidated from 1 March 2006, strengthens MBDA's competitive position on international market

Civil activities: strong performance by Signalling & Systems

Transport



(Euro mln)	Q1 06	Q1 05	FY 05
Revenues	343	298	1,230
Ebit	16	10	(48)
Orders	484	293	1,615
Backlog	4,090	3,662	3,956

Energy



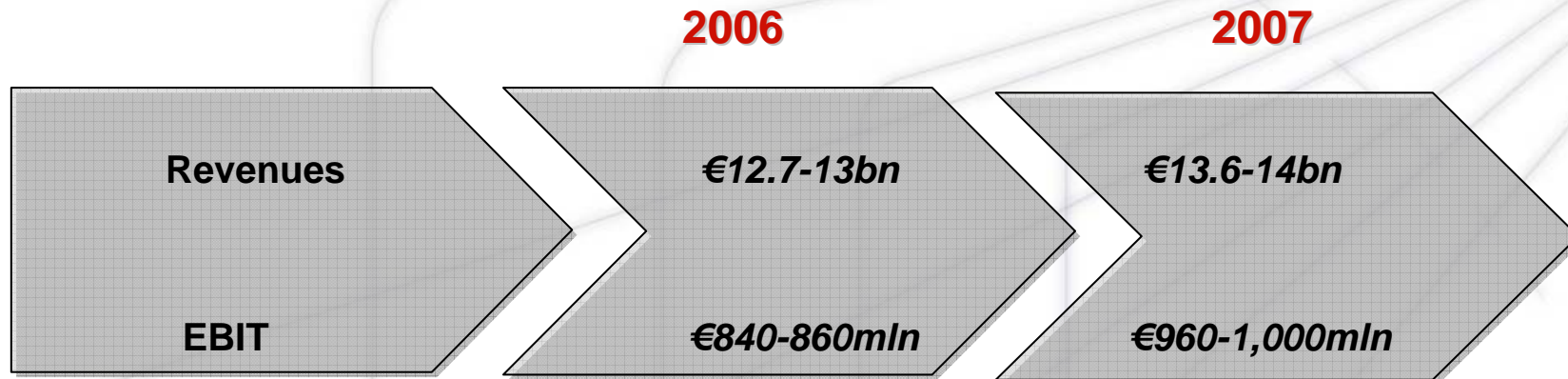
(Euro mln)	Q1 06	Q1 05	FY 05
Revenues	202	132	772
Ebit	7	6	39
Orders	576	228	1,032
Backlog	2,709	2,172	2,329

- **Signalling & Systems:** Ansaldo STS revenues and Ebit (net of IPO listing costs) up 28% and 88% respectively
- **Vehicles:** restructuring plan underway but some contracts remain under strict review

- **Energy:** strong order intake with higher service content confirms ambition to become an important Service Provider. Revenues up 53% due to higher plant installation activity. Ebit weaker due to one off tax benefit in Q105 and higher R&D

High order intake underpins future growth of Energy

Guidance confirmed



- Average Free Operating Cash Flow per Year (2006-08) of ca. €300mln
- Dividend policy: increase together with profits
- Optimal capital structure: Net debt/Equity < 35-40%
- Net bank debt/EBITDA < 2.0

Safe Harbour Statement

- 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.

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