



FINMECCANICA

Finmeccanica First Quarter 2010
Results Presentation

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Safe Harbor 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 programme 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; programme performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; our ability to achieve or realise savings for our customers or ourselves through our global cost-cutting programme and other financial management programmes; 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 2010 Financial Highlights vs 1Q 2009



- ⚡ Revenues up 3% to €4bn with strategic pillars up 5%
- ⚡ EBITA Adj up 4% to €251mln
- ⚡ ROS at 6.2%, in line with 1Q 2009

- ⚡ Net profit* at €82mln
- ⚡ Proposed dividend of 41 Eurocents per share equal to last year
- ⚡ FOCF at €(1,106)mln
- ⚡ Net debt down to €4.4bn from €4.5bn at the end of 1Q2009
- ⚡ Order intake at €3.7bn
- ⚡ Backlog up 5% to a new record of €45.5bn, equal to 2.5 years of production

* *post minorities*

Main Financial Results



(Euro mln)	1Q2010	1Q2009	Change	FY 09	
Revenues	4,039	3,911	3%	18,176	Driven by strong results of Helicopters and Aeronautics
EBITA Adj	251	242	4%	1,587	Mainly driven by Aeronautics and Defence Systems
EBITA Margin Adj	6.2%	6.2%	-	8.7%	
Net Income*	82	98	(15%)	718	Increased financial charges and taxes, partially offset by EBIT improvement
FOCF	(1,106)	(951)	(16%)	563	
Net Debt	4,379	4,479	(2%)	3,070	
New Orders	3,742	3,917	(4%)	21,099	Driven by Helicopters and Defence Systems
Backlog	45,460	43,319	5%	45,143	Approximately 2.5x revenues

* *post minorities*

Successful Completion of Debt Refinancing

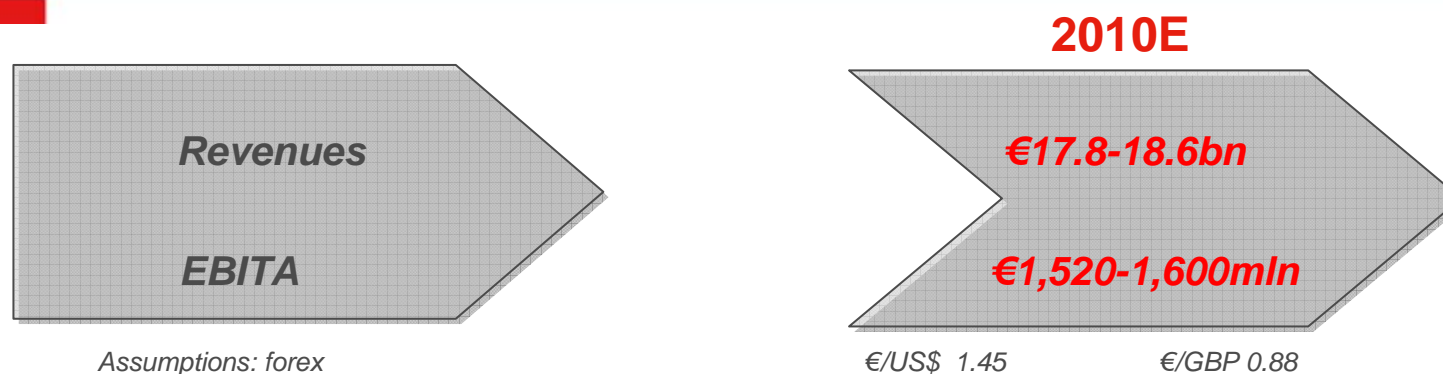


- DRS Acquisition Bridge Loan reduced to €639mIn at year-end. In February 2010 outstanding amount of €639mIn transformed in Revolving Credit Facility due 2011 and partially reimbursed
- Approximately 50-50% fixed vs. floating interest cost
- 2009 average cost of debt approximately 4.7% increasing to 5-5.5% in 2010
- €500mIn EIB Loan to be drawn prior to January 2011

⇒ **Achieved Target of >10 Year Average Debt Life**

- ✦ 11 March: AgustaWestland awarded contract worth Eur 560m by Indian Air Force for supply of 12 AW101 helicopters for government transport
- ✦ 9 April: Ansaldo Energia signs memorandum agreements with AREVA and EDF for development of Nuclear Power in Italy and collaboration on Nuclear plants abroad
- ✦ 28 April: AgustaWestland and LIATEC (Libyan Italian Advanced Technology Company) open dedicated assembly plant in Libya for the construction of single and twin engine helicopters

Confirming our Guidance for 2010



Cumulative FOCF* 2008-2010 equal to €1.2–1.3bn

- Diversified product portfolio and presence in both civil and military sectors creates a stable and defensive business platform
- Leading positions in domestic markets and an industrial footprint in strategic growth countries
- Backlog and order intake for existing products remains strong despite pressure on defence budgets
- Focussed investment and R&D spending across each of 3 strategic pillars paves the way for continued innovation and long-term growth

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

Business Division Review

Helicopters

1Q 2010

- Revenues up 11% due both to helicopter production and product support (i.e. Integrated Operational Support –IOS- +17% YoY)
- Strong order intake, supported by recovery in Civil-Gov market, mainly due to
 - AW101 Indian contract for ca. €560mln (incl. 5 years of product support) and the upgrade of Lynx MK9 for ca. €47mln with UK MoD
 - 37 Civil-Gov Helicopters, of which 10 AW139 to ERA Group and AW119, Grand and AW139 to Esperia Aviation Service
- Slight decrease in EBITA margin due to different product mix in revenues
- Backlog equal to 3 years of production

(Euro mln)	1Q2010	1Q2009	Change	FY 09
Revenues	837	756	11%	3,480
EBITA Adj	75	74	1%	371
Margin	9.0%	9.8%	-	10,7%
Orders	1,146	702	63%	3,205
Backlog	10,292	10,513	5%	9,786



Defence Electronics and Security



1Q2010

- Orders mainly driven by
 - Eurofighter Tr3 radar and avionics together with logistics
 - VTMS for Turkey and Tetra Buenos Aires
 - Baggage handling systems for Italy
 - Thermal Weapon Sight, trailers and Mast Mounted Sight for US Army
- Revenues up 2% despite negative translation effect, mainly due to
 - Avionics (Eurofighter) and Electro-optics systems together with Integrated Systems for Defence and Security and naval/land Command & Control systems
- Key revenues include
 - Eurofighter DASS and avionic radars
 - Large systems for defence and security (i.e Forza NEC, Civil Protection and border control for Libya)
 - Electro-optics for ground vehicles (i.e. DVE, IBAS), Mast Mounted Sight, products and services for Rapid Response contract, Movement Tracking systems and Tactical Quiet Generators for US Army
- Slight decrease in EBITA due to negative translation effect

(Euro mln)	1Q2010	1Q2009	Change	FY 09
Revenues	1,452	1,427	2%	6,718
EBITA Adj	107	110	(3%)	698
Margin	7.4%	7.7%	-	10.4%
Orders	1,642	1,582	4%	8,215
Backlog	12,653	11,001	3%	12,280



1Q2010

- Revenue growth mainly driven by military programmes, mainly Eurofighter.

Military revenues include

- Eurofighter, C27J, AMX, Tornado and G222
- M346 and MB339

Civil revenues include:

- B787 (7 shipsets completed in 1Q 2010), B767, B777, A380, A321 and nacelles
- ATR, 13 a/c delivered in 1Q 2010

- EBITA Adj increase mainly due to military production increase
- Key orders include
 - Logistics for Eurofighter and C27J
 - MB339 for UAE
 - B767 and ATR
- Robust and high quality backlog
 - Eurofighter for ca.51%
 - B787 for ca.21%

(Euro mln)	1Q2010	1Q2009	Change	FY 09
Revenues	592	553	7%	2,641
EBITA Adj	34	22	55%	241
Margin	5.7%	4.0%	-	9.1%
Orders	217	319	(32%)	3,725
Backlog	8,604	8,245	(3%)	8,850



1Q2010

- Fewer orders for manufacturing offset by good intake for services
- Revenue mainly driven by commercial and military TLC and Earth observation
- Slight improve in EBITA due to increasing profitability in manufacturing

(Euro mln)	1Q2010	1Q2009	Change	FY 09
Revenues	194	191	2%	909
EBITA Adj	0	(1)	n.s	47
Margin	0%	(0.5%)	n.s	5.2%
Orders	208	225	(8%)	1,145
Backlog	1,647	1,449	2%	1,611



1Q2010

- Strong order increase mainly driven by Missiles (UK Complex weapon contract)
- Revenues driven by Missiles (Aster, Mistral, MEADS and customer support). Key revenues also include Torpedoes (Black Shark, MU90, FREMM) and Land&Naval (VBM, PZH2000, Hitfist)
- EBITA Adj increase due to profitability improvement in all segments

(Euro mln)	1Q2010	1Q2009	Change	FY 09
Revenues	231	232	n.s	1,195
EBITA Adj	14	11	27%	130
Margin	6.1%	4.7%	-	10.9%
Orders	234	104	125%	1,228
Backlog	4,013	3,747	n.s	4,010



Energy

Transport



1Q2010

- Revenues driven by plants and components (Algeria, France, Italy), service (LTSA Italy) and nuclear activities (China, Slovakia)
- Key orders include plant and components (i.e. Bangladesh, Finland), service solution and nuclear plants (China) and service (France, Argentina)
- Backlog breaks down into plants and components (42%), service (56%) and nuclear activities (2%)

(Euro mln)	1Q2010	1Q2009	Change	FY 09
Revenues	337	333	1%	1,652
EBITA Adj	31	31	0%	162
Margin	9.2%	9.3%	-	9.8%
Orders	178	214	(17%)	1,237
Backlog	3,211	3,661	(5%)	3,374



1Q2010

- Orders driven by Signalling & Systems (i.e. Copenhagen driverless metro, Italy and Australia)
- Revenues driven by Signalling & Systems (Italy, Australia, UK, China, Turkey and US), Vehicles (Holland & Belgium, Italy, Denmark)
- Backlog breaks down into Signalling & Systems (65%) and Vehicles (34%)

(Euro mln)	1Q2010	1Q2009	Change	FY 09
Revenues	445	427	4%	1,811
EBITA Adj	20	29	(31%)	65
Margin	4.5%	6.8%	-	3,6%
Orders	330	772	(57%)	2,834
Backlog	5,900	5,218	(1%)	5,954



Appendix

1Q20109 Results – Profit & Loss



CONSOLIDATED PROFIT AND LOSS ACCOUNT			
<i>€mil.</i>	1Q 2010	1Q 2009	Change %
Revenues	4.039	3.911	3%
Costs for purchases and personnel	(3.647)	(3.512)	
Depreciation and amortisation	(132)	(130)	
Other net operating revenues (costs)	(9)	(27)	
EBITA Adj (*)	251	242	4%
<i>EBITA Adj (*) margin</i>	6,2%	6,2%	
Non-recurring revenues (costs)		-	
Restructuring costs	(2)	(3)	
PPA amortisation	(21)	(23)	
EBIT	228	216	6%
<i>EBIT margin</i>	5,6%	5,5%	
Net finance income (costs)	(61)	(39)	
Income taxes	(76)	(69)	
Net profit before discontinued operations	91	108	-16%
Profit of discontinued operations		-	
Net profit	91	108	-16%
<i>Group</i>	82	98	
<i>Minorities</i>	9	10	
EPS (EUR)			
<i>Basic</i>	0,141	0,170	
<i>Diluted</i>	0,141	0,169	
EPS of continuing operations (EUR)			
<i>Basic</i>	0,141	0,170	
<i>Diluted</i>	0,141	0,169	

(*) 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



BALANCE SHEET		
<i>€mil.</i>	31.03.2010	31.12.2009
Non-current assets	13.445	12.956
Non-current liabilities	(2.638)	(2.639)
	10.807	10.317
Inventories	4.867	4.662
Trade receivables	9.034	8.481
Trade payables	(12.121)	(12.400)
Working capital	1.780	743
Provisions for short-term risks and charges	(597)	(595)
Other current net assets (liabilities)	(843)	(853)
Net working capital	340	(705)
Net invested capital	11.147	9.612
Capital and reserves attributable to equity holders of the Company	6.561	6.351
Minority interests	214	198
Shareholders' equity	6.775	6.549
Net debt (cash)	4.379	3.070
Net liabilities (assets) held for sale	(7)	(7)

CASH FLOW			
	<i>€mil.</i>	1Q 2010	1Q 2009
Cash and cash equivalents at 1 January		2.630	2.297
Gross cash flow from operating activities		432	407
Changes in other operating assets and liabilities		(334)	(210)
Funds From Operations (FFO)		98	197
Changes in working capital		(984)	(885)
Cash flow generated from (used in) operating activities		(886)	(688)
Cash flow from ordinary investing activities		(220)	(263)
Free operating cash flow (FOCF)		(1.106)	(951)
Strategic operations		(87)	(26)
Change in other financing activities		12	(50)
Cash flow generated (used) by investment activities		(295)	(339)
Share capital increase		-	(2)
Cash flow from financing activities		(830)	(546)
Cash flow generated (used) by financing activities		(830)	(548)
Exchange gains/losses		17	7
Cash and cash equivalents at 31 March		636	729

Divisions



1Q 2010 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	837	1.452	592	194	231	337	445	58	(107)	4.039
EBITA*	75	107	34	0	14	31	20	(30)		251
EBITA* margin (%)	9,0%	7,4%	5,7%	0,0%	6,1%	9,2%	4,5%	<i>n.a.</i>		6,2%
Depreciation and amortisation	31	55	37	7	7	6	6	4		153
Investment in non-current assets	31	45	75	9	7	9	4	1		181
Research and development costs	72	131	76	12	45	7	10			353
New orders	1.146	1.642	217	208	234	178	330	13	(226)	3.742
Order backlog	10.292	12.653	8.604	1.647	4.013	3.211	5.900	139	(999)	45.460
Headcount	14.575	30.003	13.099	3.656	4.043	3.440	7.293	798		76.907

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 (31/12/2009)	9.786	12.280	8.850	1.611	4.010	3.374	5.954	172	(894)	45.143
Headcount (31/12/2009)	10.343	30.236	13.146	3.662	4.098	3.477	7.295	799		73.056

*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.

2010 Financial Calendar

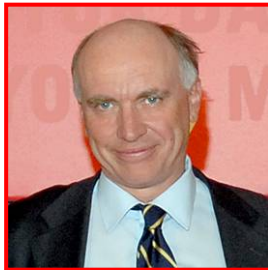


Date	Event
4 March 2010	2009 Full Year Results
29-30 April 2010	AGM of Shareholders
29 April 2010	First Quarter 2010 Results
28 July 2010	First Half 2010 Results
4 November 2010	Third Quarter 2010 Results

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