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## Q3 and 9M 2012 Results Presentation

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Rome, 8 November 2012



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## *Presentation Outline*

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-  **Group overview**
-  **Financial review**
-  **Summary**
-  **Q&A**
-  **Appendix**

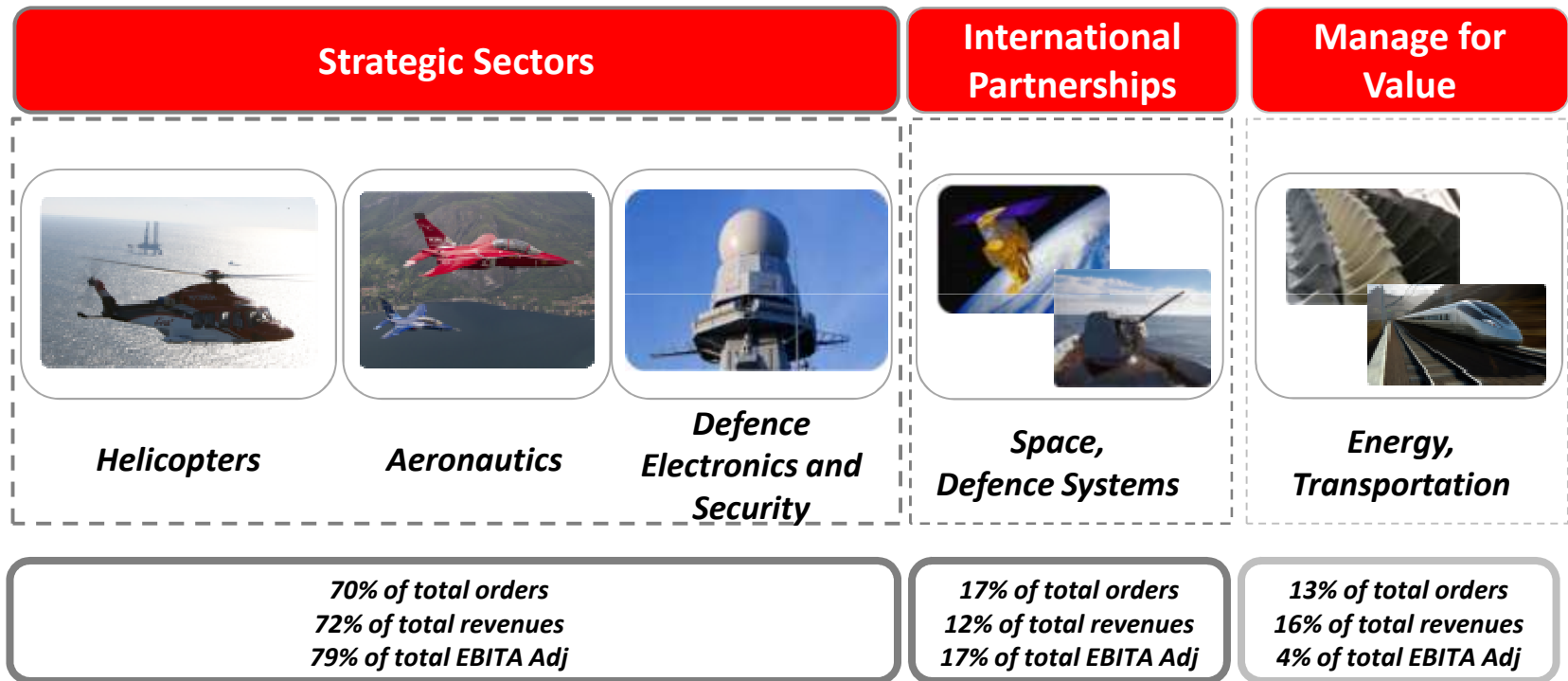


## Finmeccanica is on track

- ✦ Solid Q3 results
- ✦ Strategic sectors continue to perform well
- ✦ Encouraged by operational progress in some of our challenging businesses
- ✦ Execution of the efficiency plan on track translates into steady improvement of profitability
- ✦ Some impact on orders from the market environment
- ✦ Focused on an important fourth quarter



## Strategic sectors continue to perform well





## Group performance

	Q3 ACTUAL		Total Change	Net Change*	9M ACTUAL		Total Change	Net Change*
	2012	2011			2012	2011		
€ Mlr								
New Orders	2,974	3,072	-3%		10,652	10,638	0.1%	4%
Backlog	-	-			44,706	44,811	-0.2%	
Revenues	4,124	3,828	8%		12,184	12,252	-0.6%	1.5%
EBITA Adj.	280	-627	n.m.	154	741	-188	n.m.	36%
ROS%	6.8%	-16.4%	232bps	350bps	6.1%	-1.5%	760bps	160bps
EBIT	247	-923	n.m.	n.m.	624	-603	n.m.	n.m.
Net Income after minorities	65	-790	n.m.	n.m.	118	-358	n.m.	n.m.
EPS	0.113	-0.620	n.m.	n.m.	0.205	-1.370	n.m.	n.m.
Net Income after minorities excl. Capital gain								
FOCF	-183	-383			-1,391	-1,567	-11%	
Net financial debt	-	-			4,853	4,665	4%	
Headcount	-	-			68,321	71,050	-4%	

### Q312 results headlines

- ✦ Slight decline in Q3 orders—impacts from Italian and US defence spending
- ✦ Solid revenue growth up 8%
- ✦ Continued growth in EBITA with improving profitability—ROS to 6.8%
- ✦ Significantly lower YoY restructuring/non recurring costs
- ✦ FOCF lower absorption Q3/Q3 despite cash out of 2011 exceptional charges
- ✦ Headcount reduced by ca 500 units in Q3 12, widely concentrated in DE&S (mainly DRS)

(\* ) Excluding the effect of the deconsolidation of 45% of Ansaldo Energia, following the sale of a 45% stake to First Reserve on 13 June 2011, and the effect of the exceptional charges in Q3 11 for the B787



## Helicopters

	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	1,053	922	2,976	2,750	~4,000
EBITA	119	99	339	287	~425
ROS%	11.3%	10.7%	11.4%	10.4%	

- ✿ **Orders down in Q3**
  - ✿ mainly due to slippage of some governmental programmes; growing 13% 9M/9M
- ✿ **Revenues up 14% in Q3**
  - ✿ strong performance driven mainly by AW139 and AW101
- ✿ **Increased profitability with ROS +60bps**
  - ✿ driven by higher volumes and by restructuring initiatives rolled out at the end of last year
- ✿ **Backlog equal to ca. 3 years of production**
- ✿ **Guidance for 2012:** sustainable double digit profitability and sound cash flow generation



## Aeronautics

	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	681	569	2,002	1,866	2,700-2,800
EBITA	25	-809	74	-768	~70
ROS%	3.7%	n.a.	3.7%	-41.2%	

- ✎ **Orders up 17% in Q3**
  - ✎ due to military – 30 M346 sold to Israel - offsetting slight decrease in civil
- ✎ **Revenues up 20% in Q3**
  - ✎ driven by civil (aerostructures and ATR)
- ✎ **Significant improvement in profitability** (excluding the effect of the exceptional charges in Q3 11 for the B787)
  - ✎ driven by ongoing restructuring as part of 3R plan—lower operating costs, higher industrial efficiency, supply chain rationalisation, renegotiation of commercial agreements
- ✎ **Guidance for 2012:** benefits from restructuring execution better than forecasted, driving improving profitability



## Defence Electronics and Security (pro-forma Unified SELEX)

	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	771	800	2,442	2,620	3,550-3,650
EBITA	18	20	98	110	~260
ROS%	2.3%	2.5%	4.0%	4.2%	

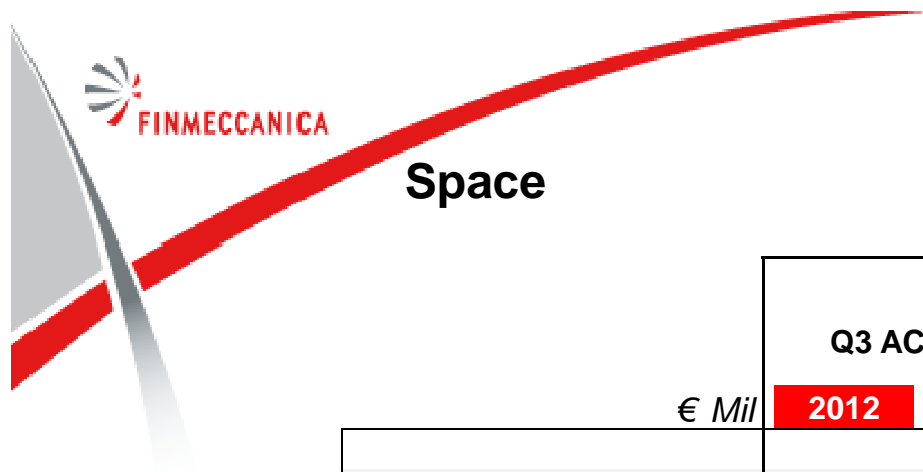
- ✦ **Lower revenue down 4% in Q3**
  - ✦ Due to wind down activities in Civil and Defence C&C Systems and postponement of SISTRI (*waste transport system*)
  
- ✦ **Profitability slightly lower down 20bps**
  - ✦ Benefits from ongoing restructuring initiatives (lower costs and increased efficiency) offset by continuing poor performance in C&C Systems
  
- ✦ **Guidance for 2012:** recovery in profitability slower than expected mainly due to C&C Systems



## Defence Electronics and Security – DRS

	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
	<i>\$ Mil</i>				
Revenues	738	836	2,092	2,445	2,790-2,940
EBITA	98	98	179	221	~295
ROS%	13.3%	11.7%	8.6%	9.0%	

- ✦ **Revenue decrease in line with expectations, down 12% in Q3**
  - ✦ mainly due to wind down of activities for US armed forces
- ✦ **Confirming recovery in profitability with ROS +160bps**
  - ✦ Supported by ongoing restructuring initiatives and downsizing of workforce to match decline in volumes
- ✦ **Guidance for 2012:** business benefitting from ongoing restructuring; short/medium term threat on orders as uncertainty on US Defence budget likely to persist



	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	235	219	697	699	~1,000
EBITA	17	17	47	27	~70
ROS%	7.2%	7.8%	6.7%	3.9%	

- ✦ **Strong Order increase in Q3 (from €143mln to €398mln)**
  - ✦ mainly due to earth Observation (OPSAT – 3000) and Commercial Telecommunications (Turkmensat and Eutelsat 8 West B)
- ✦ **Increase in Revenues +7% in Q3**
  - ✦ due to Manufacturing activities—Earth Observation and Navigation segment
- ✦ **Slight reduction in profitability -60bps**
  - ✦ EBITA in line with Q3 2011
- ✦ **Guidance for 2012:** solid performance expected both in Manufacturing and Service

## Defence Systems

	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	265	252	829	811	~1,300
EBITA	35	16	89	65	~140
ROS%	13.2%	6.3%	10.7%	8.0%	

- ✿ **Significantly higher profitability in Q3**
  - ✿ related to industrial performance in Missiles, deliveries of an important export contract and achievement of technical milestones
- ✿ **Guidance for 2012:** solid performance confirmed for FY 2012



## Energy

	Q3 ACTUAL		9M ACTUAL(*)		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	187	158	493	720	~800
EBITA	16	12	36	54	~70
ROS%	8.6%	7.6%	7.3%	7.5%	

(\*) Organic 9M2011 results would have been: Revenues €467mIn and EBITA €35mIn, adjusting for the deconsolidation of 45% of Ansaldo Energia from June 2011

- ✦ **Orders down in Q3**
  - ✦ mainly due to Plants and Components; expected to recover in Q4
- ✦ **Revenues up 18% in Q3**
  - ✦ mainly due to higher activities in Plants and Components
- ✦ **Higher profitability with ROS +100bps**
  - ✦ mainly due to higher volumes and lower SG&A



## Ansaldo STS

	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	305	272	874	842	1,200-1,300
EBIT	27	25	78	77	
ROS% (EBIT/ Revenues)	8.9%	9.1%	8.9%	9.2%	~9.5%

## AnsaldoBreda

	Q3 ACTUAL		9M ACTUAL		FY2012E
	2012	2011	2012	2011	
€ Mil					
Revenues	138	138	496	470	650-750
EBITA	-26	-41	-61	-76	(50)-(30)
ROS%	-18.8%	-29.7%	-12.3%	-16.2%	

- Efficiency results lower than expected, mainly due to issues on production processes and contract management
- Profitability impacted by troubles in Service. Legacy contracts, whose deliveries are expected to be completed by 2013, could have some further impacts in Q4 2012



## Results overview & outlook

- ✦ FY earnings supported by improving profitability in core sectors
- ✦ Continued strength in revenues underpinned by robust backlog
  
- ✦ Challenges remain in some businesses
- ✦ Weaker market environment for new orders
- ✦ Focus on cash and an important fourth quarter ahead








## Strategic update

- ⇒ Continued progress on the journey towards a new Finmeccanica
- ⇒ Strong delivery on our operational efficiency agenda
- ⇒ Significant progress towards a Unified Selex
  - ⇒ Top Management fully empowered
  - ⇒ Designed organizational structure
  - ⇒ Business plan presented to the Unions
  - ⇒ Unified budget plan starting from January 2013
- ⇒ Disposals on track
  - ⇒ satisfied with progress since H1 results
  - ⇒ in line with our expectations
- ⇒ Group on track, FY2012 expected to be broadly in line with expectations

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## *Presentation Outline*

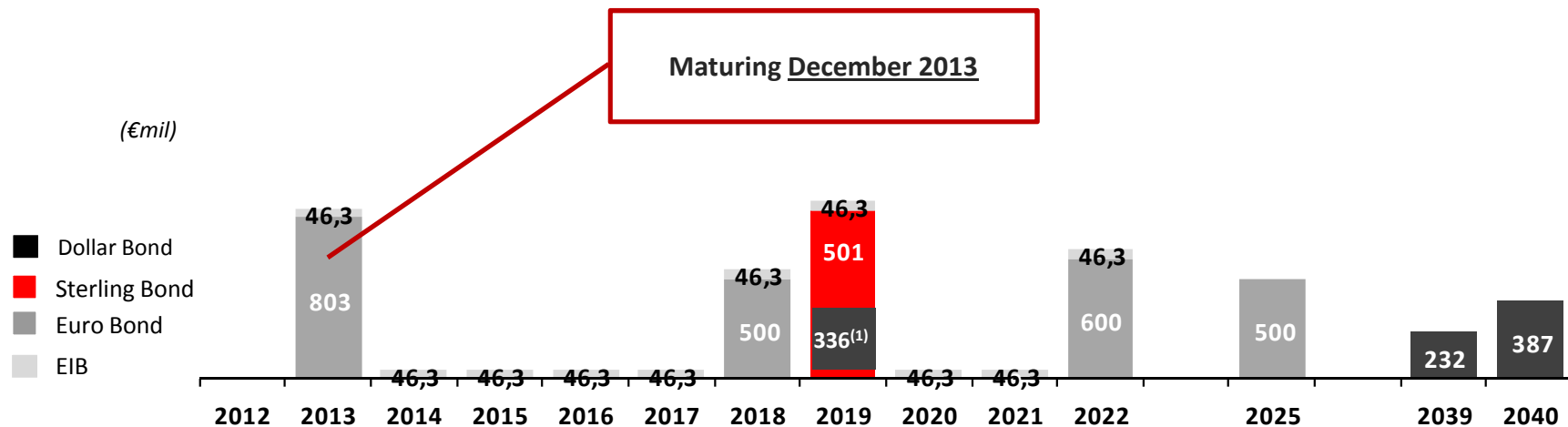
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## Balanced debt structure

- ☀ The debt has an average life of approx.10 years, thanks to the strategy pursued over the last two - three years aimed at extending the duration of financing instruments
- ☀ The Group's financial robustness is supported by:
  - Long average debt life, which is aligned to the Group's investment activities
  - Only material debt reimbursement need over the next 5 years represented by the €1bn 2013 bond, already reduced to approx. €800mil
- ☀ Finmeccanica bonds have no financial covenants nor pricing grids for rating downgrades
- ☀ Revolving credit facility also has no financial covenants



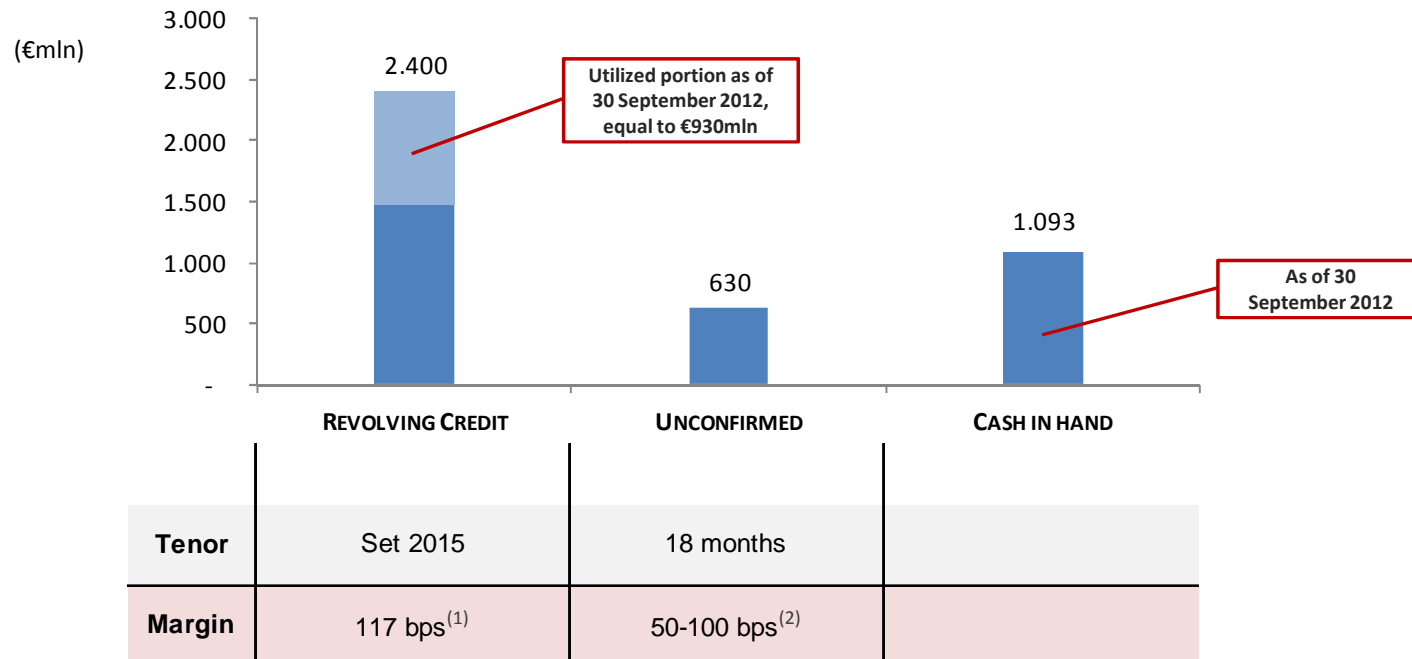
(1) Finmeccanica early repaid \$66mil of the 2019 USD bond of which \$34mil in the first quarter 2012, \$15mil in April 2012 and \$17mil in May.

## Strong liquidity position

**Availability of adequate committed liquidity lines**

In order to cope with possible volatilities in financial needs, Finmeccanica can leverage:

- Year end cash balance of €1.3Billion
- Credit lines worth €3.0 Billion, fully available at December 31<sup>th</sup> 2011 to finance cash absorptions deriving from working capital
  - A new revolving credit facility was signed September 2010 with a pool of leading Italian and foreign banks for a total of €2.4 Billion with maturity in September 2015
- Bank Bonding lines of roughly €1.9 Billion to support the execution of bidding and orders' activities



(1) Based on rating

(2) Average. Expected to be renewed at maturity

## 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.

The Company undertakes no obligation to revise or update forward-looking statements as a result of new information since these statements may no longer be accurate or timely.

The officer in charge of preparing the company's accounting documents, Gian Piero Cutillo, hereby declares, in accordance with the provisions of Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information included in this presentation corresponds to the accounting records, books and supporting documentation