Press Office
Ph. +39 06 32473313
Fax +39 06 32657170

finmeccanica.com
ufficiostampa@finmeccanica.com

Investor Relations & SRI
Ph. +39 06 32473066
ir@finmeccanica.com

PRESS RELEASE

Finmeccanica: Shareholders' Meeting approves 2014 financial statements

- **Approved the Company Financial statement for 2014**
- **Appointed the Board of Statutory Auditors**
- **Approved new Incentive Plans**
- **Authorized purchase and dispose of Treasury shares**
- **Approved the first section of the Remuneration Report**
- **Increased attendance by institutional shareholders, mostly international, representing more than 31% of the share capital**

Rome, 11 May 2015 - The Shareholders' Meeting of Finmeccanica Spa, which convened today in Rome, has approved the Company's financial statements for 2014 and examined the consolidated financial statements.

Key economic and financial data

In 2014, the performance of the Finmeccanica Group underwent a significant turnaround, with results reported being considerably above expectations and as compared with the previous year, in all aspects, particularly in terms of commercial performance and profitability, with growth of more than 20% in EBITA as compared with 2013 and improvement in both EBIT and in the net result before extraordinary transactions of over EUR 700 million as compared with 2013.
More specifically, the 2014 results show:

- **New orders** amounted to EUR 15,619 million up over 2013 by 560 million and beating original expectations by more than 2 billion.
- **Order backlog** amounting to EUR 38,234 million, over two and a half years of equivalent production for the Group.
- **Revenues** amounted to EUR 14,663 million, +7.1% compared to 2013.
- **EBITA** positive EUR 1,080 million, significantly improved (+23%) compared to positive 878 million of 2013 and more than 10% higher than expected. EBITA above 1 billion in the Aerospace, Defence & Security
- **EBIT** positive for EUR 692 million, compared to negative 14 million of 2013, following the improvement in EBITA and driven by considerable reduction in restructuring costs and, in particular, non-recurring items.

- **Net result before extraordinary transactions positive, for the first time since 2010,** for EUR 70 million with an improvement of 719 million compared with negative 649 million in 2013
- **Net result** positive EUR 20 million, despite a loss in the amount of 50 million as a result of the Group's withdrawal from the bus segment in the Transportation sector. The positive 74 million in 2013 benefitted from earnings generated by the disposal of Ansaldo Energia and Avio's engine business, for a total of 723 million.
- **Group net debt** amounted to EUR 3,962 million**, in line with the 2013 level.**
- **Free Operating Cash Flow (FOCF)** negative EUR 137 million, improved by 83 million compared to negative 220 million in 2013 and above expectations, despite the enforcement of the guarantees related to the Indian contract in the Helicopters sector (256 million). Net of this enforcement the FOCF would have been positive EUR 119 million, with a cash generation in Aerospace, Defence & Security above 350 million.

Outlook

Finmeccanica also confirmed the guidance for the year 2015, which were released following the approval of the year's draft budget and the consolidated financial statements for the year ending 31 December 2014, and later confirmed concomitantly with the approval of the interim financial statements up to 31 March 2015.

The Group forecasts an overall growth in the markets of *Aerospace, Defence & Security* over the next years (4% CAGR over 2014 - 2023). This will be mainly driven by civil and military aviation, increased defence spending from emerging economies and demand for systems for protection from asymmetric threats. In this market environment, the Industrial Plan of Finmeccanica aims to achieve important targets, both in terms of profits and cash generation. The basis for achieving these goals is through actions being taken not only to reduce overhead and administrative costs, but, above all, also to improve efficiency and ensure greater effectiveness of the main operational processes (engineering, production and supply chain).

The forecasts for the next financial years no longer include operations in the *Transportation* sector. This follows the agreement reached at the end of February, which provides for the sale to the Hitachi group of the Finmeccanica's businesses in the sector (excluding some minor operations) upon the fulfilment of standard conditions laid down for this type of transaction. The 2014 Group's main KPIs have been provisionally restated, in order to eliminate the contribution from the operations involved in the agreement with Hitachi and allow a better comparison with the outlook for 2015. Specifically, the main reference assumptions for the 2015 forecasts are as follows:

- the completion of the transaction involving the *Transportation* sector on the agreed terms and conditions, with an estimated overall positive impact of EUR 600 million on the Group's Net Debt, including the deconsolidation of negative cash flows from operations in the *Transportation* sector in 2015;

- organic growth in revenues, in particular in *Helicopters* and SES, offset by the expected transfer of some "pass-through" work packages in relation to B787 programme for about EUR 300 million of annual revenues and by an expected exit from certain constituent businesses within DRS by an additional 200 million*;*
- meaningful improvement in operating profits, mainly driven by the improvement of SES, DRS's return to its underlying profitability and cost cutting initiatives, all supported by a strong profitability in the *Helicopters* segment;
- improved cash generation capacity driven by the above factors, paying constant attention to the selection of investments and working capital reduction measures.

Following the completion of the transaction in the *Transportation* sector, the businesses outside the *Aerospace, Defence & Security* perimeter are not material in size. So, on the basis of the above assumptions, Finmeccanica confirms guidance for the 2015 financial year as the guidance shown for the *A,D&S* sector at the time of the presentation of the Industrial Plan in January:

	2014		*Outlook 2015*
	Reported	*Pro forma*	
New Orders (€bil.)	15.6	12.6	12.0 – 12.5
Revenues (€bil.)	14.7	12.7	12.0 – 12.5
EBITA (€mil.)	1,080	980	1,080 – 1,130
FOCF (€mil.)	(137)	65	200 - 300
Group Net Debt (€bil.)	4.0		ca 3.4 (*)

(*) Assuming €/$ exchange rate at 1.27 and €/£ at 0.8

Appointment of the Board of Statutory Auditors for the period 2015-2017

The Shareholders' Meeting also appointed the new Board of Statutory Auditors, which will remain in office for the period 2015-2017 and, therefore, until the approval of the financial statements for financial year 2017. The Board of Statutory Auditors is composed as follows:

Auditors: Niccolò Abriani, Riccardo Raul Bauer, Luigi Corsi, Francesco Perrini and Daniela Savi.
Substitute Auditors: Maria Teresa Cuomo and Stefano Fiorini.

Niccolò Abriani, Riccardo Raul Bauer e Stefano Fiorini were presented in the "minority list" prepared by a group of asset management companies and institutional investors (collectively holding 1.346% of the share capital) voted by 46.36% of the capital represented at the Meeting.

Luigi Corsi, Francesco Perrini, Daniela Savi and Maria Teresa Cuomo were presented in the "majority list" proposed by the Ministry of Economy and Finance (owner of 30.204% of the share capital), voted by 52.56% of the capital represented at the Meeting.

The Shareholders also appointed Riccardo Raul Bauer Chairman of the Board of Statutory Auditors (among the statutory auditors voted by the minorities, in accordance with the Article 148, paragraph 2, of the Consolidated Law on Finance), also proceeding to determine the remuneration due to the supervisory body (euro 78,000 gross per annum for the Chairman; euro 52,000 gross per annum for each Auditor)

The curricula of the Auditors are available on the Company's website (www.finmeccanica.com).

Incentive plans and share buyback authorization

The Shareholders' Meeting resolved to approve the Long Term Incentive Plan and Co-investment plan for Finmeccanica Group management, in accordance with the terms and conditions described in the Information Documents made available to the public.

The Shareholders' Meeting also approved the consequent proposal to authorize to purchase and dispose of treasury shares, up to a maximum of 5,800,000 of ordinary Finmeccanica shares and for a period of eighteen months from the date of the shareholders' resolution, to be devoted to the abovementioned Plans for the initial implementation period. In this regard, the new incentive system is structured on rolling cycles over three-year periods starting from each financial year 2015, 2016 and 2017, and that the achievement of its objectives will be evaluated at the end of each three-year period

The share buyback will be carried out, in stages considered appropriate, to a maximum and minimum price per share equal to the market price recorded on the MTA in the day before the purchase plus 5% (maximum price) or minus 5% (minimum price). The shares shall be purchased on the market.

The Company currently holds no. 32,450 treasury shares, equal to approximately 0.0056% of its share capital.

Remuneration Report

The Shareholders' Meeting approved (with 75.67% of the of the capital represented at the Meeting) the first section of the Remuneration Report, which illustrates the Company's remuneration policy for the members of corporate governance bodies, the General Managers and the executives holding strategic responsibilities, as well as the procedures to be followed in order to implement that policy.

Attendance at the Shareholders' Meeting

The Meeting recorded a considerable attendance by institutional shareholders – mostly foreign – who were present with more than 31% of the share capital, significantly more than the 27.55% share capital represented during last year's Shareholders' Meeting.

***

A summary report of the voting will be made available on the Company's Website (www.finmeccanica.com), in compliance with Art. 125-*quater* of the Consolidated Law on Financial Intermediation (TUF), within the prescribed term of five days after the Shareholders' Meeting.

***

The officer in charge of the company's financial reporting, Gian Piero Cutillo, hereby declares, in accordance with the provisions of Article 154-bis, paragraph 2, of the Consolidated Law on Finance, that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.