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FINMECCANICA

PRESS RELEASE

Finmeccanica: Group Industrial Plan 2015-2019 approved

- **Raised 2014 Guidance on Orders, Revenues, EBITA and Free Operating Cash Flow for the second time in a row**
- **FY2014 Order intake now expected at €15.2-15.5bn, more than a billion and a half euro higher than the previous guidance. "Book to bill" expected above 1**
- **Step up in profitability and positive cash flow generation from 2015**
- **20% increase in A,D&S EBITA in 2014-2016; A,D&S ROS up by more than 150bp**
- **Net debt reduction of more than €600mln from 2014 to 2017, down to €3.5bn, before any extraordinary transactions**

Rome, 27 January 2015

The Board of Directors of Finmeccanica, convened today under the chairmanship of Gianni De Gennaro, approved the Industrial Plan of Finmeccanica Group. During the same meeting, the Board of Directors examined the most recent estimates for the FY2014 and approved the upward revision of FY2014 guidance (FY2014 results will be examined and considered for final approval on March 18). The Board of Directors today also approved FY2015 Guidance.

Strategic guidelines of the Industrial Plan

The Industrial Plan relies upon a deep assessment, completed over recent months, that reflected on the environment for the Aerospace, Defence and Security sector and the competitive positioning of the Group in each business sector and segment of activity on global market.
The Plan aims at strengthening the Group in the core business - hi-tech A,D&S - and includes significant improvements in industrial, economic and financial performance, that will result in a more comparable performance with A,D&S competitors within the sector, even after the first three years of the Plan. These results will be achieved through the strengthening of the business sectors in which the Group has a solid positioning, cutting edge technologies, competitive products and services and through the restructuring of those segments where actions to improve efficiencies and effectiveness of industrial processes have been put in place.
The Plan is also the start of a relaunch and development of the Group, with a greater focus on the areas of excellence and a more effective commercial presence in key international markets.

FY2014 Guidance upward revision

Results achieved in the first nine months of 2014 and the updated estimates for the fourth quarter, lead Finmeccanica to believe that the Group will deliver full year new orders, revenues, EBITA (notwithstanding the losses incurred in by DRS) and FOCF (notwithstanding the call of the bank guarantees provided under the Indian contract of Helicopters, awarded in 2010) ahead of expectations.
Please find below FY2014 Guidance revised upward, compared to the previous ones, as at the approval of the first nine months results 2014:

	Guidance FY2014 as at November 2014	**Guidance FY2014 as at January 2015(*)**
New Orders (€bln)	13.5 – 14.0	15.2 – 15.5
Revenues (€bln)	13.5 – 14.0	14.4 – 14.7
EBITA (€mln)	980 – 1,030	1,040 – 1,060
FOCF (€mln)	(350) – (250)	(160) – (140)(**)
Group Net Debt (€bln)	approx. 4.3	approx 4.1

(*) Unaudited data not to be considered as preliminary
(**) figures would have been positive for ca.€100mln, excluding the effect of the payments of more than €250mln of guarantees provided under the Indian contract of Helicopters

FY2015 Guidance

2015 revenue guidance factors in a perimeter reduction of ca., €500mln due to:

a) the transfer of pass-through activities on the B787 from Alenia Aermacchi to Boeing (ca. €300mln)

b) the expected exit from two segments of DRS (ca.€200mln)

	Guidance FY2014 as at January 2015(*)		***Outlook* 2015**	
	Group	*Aerospace & Defence*	*Group*	*Aerospace & Defence*
New Orders (€bln)	15.2 – 15.5	12.2 – 12.5	14.0 – 14.5	12.0 – 12.5
Revenues (€bln)	14.4 – 14.7	12.2 – 12.5	14.0 – 14.5	12.0 – 12.5
EBITA (€mln)	1,040 – 1,060	990 – 1,010	1,150 – 1,200	1,080 – 1,130
FOCF (€mln)	(160) – (140)	80 – 100	100 –200	200 – 300

(*) FY2014 Unaudited data have not to be considered as preliminary

Medium term objectives

The Industrial Plan, which is based on the current perimeter, so including the transportation sector (with the exception of the bus business, deconsolidated by the end of 2014), includes important medium term objectives, in particular:

- a significant increase in A,D&S EBITA (+20% from 2014 to 2016) and A,D&S RoS (EBITA/Revenues, +150 basis points from 2014 to 2016);
- a reduction in SG&A by more than 10% from 2013 to 2015, with the SG&A/revenues ratio reducing from 9.3% to less than 8% (with expectations of moderate growth in revenues);
- a reduction of CAPEX and rationalization of capitalized R&D of more than 20% from 2013 to 2017, rebalancing the depreciation over investments ratio and thus significantly improving the self-financing capacity of the Group;
- a reduction of operating working capital, net of reducing customers advances, of more than 15% in from 2013 to 2017, through a more effective management of supply chain and deliveries of products and services;
- as a consequence, the Group expects to generate a positive FOCF even in 2015 and expected to increase over time. This will support Group Net Debt reduction, expected below €3.5bn by the end of 2017, and improve Debt/EBITDA and Debt/Equity ratios.

The CEO and General Manager of Finmeccanica, Mauro Moretti, said "The Industrial Plan is the result of intense work carried out with determination in recent months by the Management team of Finmeccanica and of the Operating Companies. The further upward revision of commercial, economic and financial Guidance for 2014, the improvements in profitability and cash generation expected in 2015, together with the medium-term objectives, that also involve a major reduction in debt - even without including the effects of any extraordinary transactions - make us even more determined in the execution of the Plan approved today and confident of achieving these objectives. The actions undertaken since May last year make clear the change is taking place, which puts Finmeccanica in the right path for the near future, for its relaunch and development, to create value for shareholders, for our customers, for our employees and for all stakeholders of the Group".

The Board of Directors took note positively of the report of the CEO and General Manager Mauro Moretti on the further progress of the divestiture process in the Transportation sector and confirmed to him the indication to continue negotiations with the aim of reaching shortly a favorable conclusion.

Tomorrow, January 28, Finmeccanica Top Management will present the Group Industrial Plan to the international financial community in London, at 11:00am GMT (12:00pm CET, 6:00am EST).
To access the live webcast of the event, click on the following link: http://view-w.tv/p/747-927-15316/en available also from the Company website (www.finmeccanica.com) at the start of the event.
The presentation delivered during the event will also be available on the same website www.finmeccanica.com at the beginning of the event.

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NOTE TO EDITORS:

Finmeccanica *is Italy's leading manufacturer in the high technology sector and ranks among the top ten global players in Aerospace, Defence and Security. Listed on the Milan Stock Exchange (FNC IM; SIFI.MI), in 2013 Finmeccanica generated revenues of about 16 billion Euro. With 362 locations and production facilities in 22 countries, Finmeccanica is a multinational and multicultural group which boasts a significant presence in four domestic markets: Italy, the United Kingdom, the U.S. and Poland. Finmeccanica's core business activities are in the following sectors: Helicopters (AgustaWestland), Defence Electronics and Security (Selex ES, DRS Technologies), Aeronautics (Alenia Aermacchi). The company also has a significant position in Space (Telespazio, Thales Alenia Space), Defence Systems (OTO Melara, WASS, MBDA) and Transportation (Ansaldo STS, AnsaldoBreda).*