



Finmeccanica Full Year 2007 Results Presentation

Pier Francesco Guarguaglini
Chairman and CEO

Alessandro Pansa
Co-General Manager / CFO

London, 18 March 2008



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 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.

Introduction

Pier Francesco Guarguaglini

Financial & Business Review

Alessandro Pansa

Business Strategy

Pier Francesco Guarguaglini

Appendix

Pier Francesco Guarguaglini

Introduction

2007: A Year Of Strong Achievements



Strengthened Global Positioning

- Total Revenues up 8% from €12.5bn in 2006 to €13.4bn in 2007 (entirely organic)

Internationalisation

- International orders up 17% from €11.3bn in 2006 to €13.3bn in 2007

Competitiveness Profitability

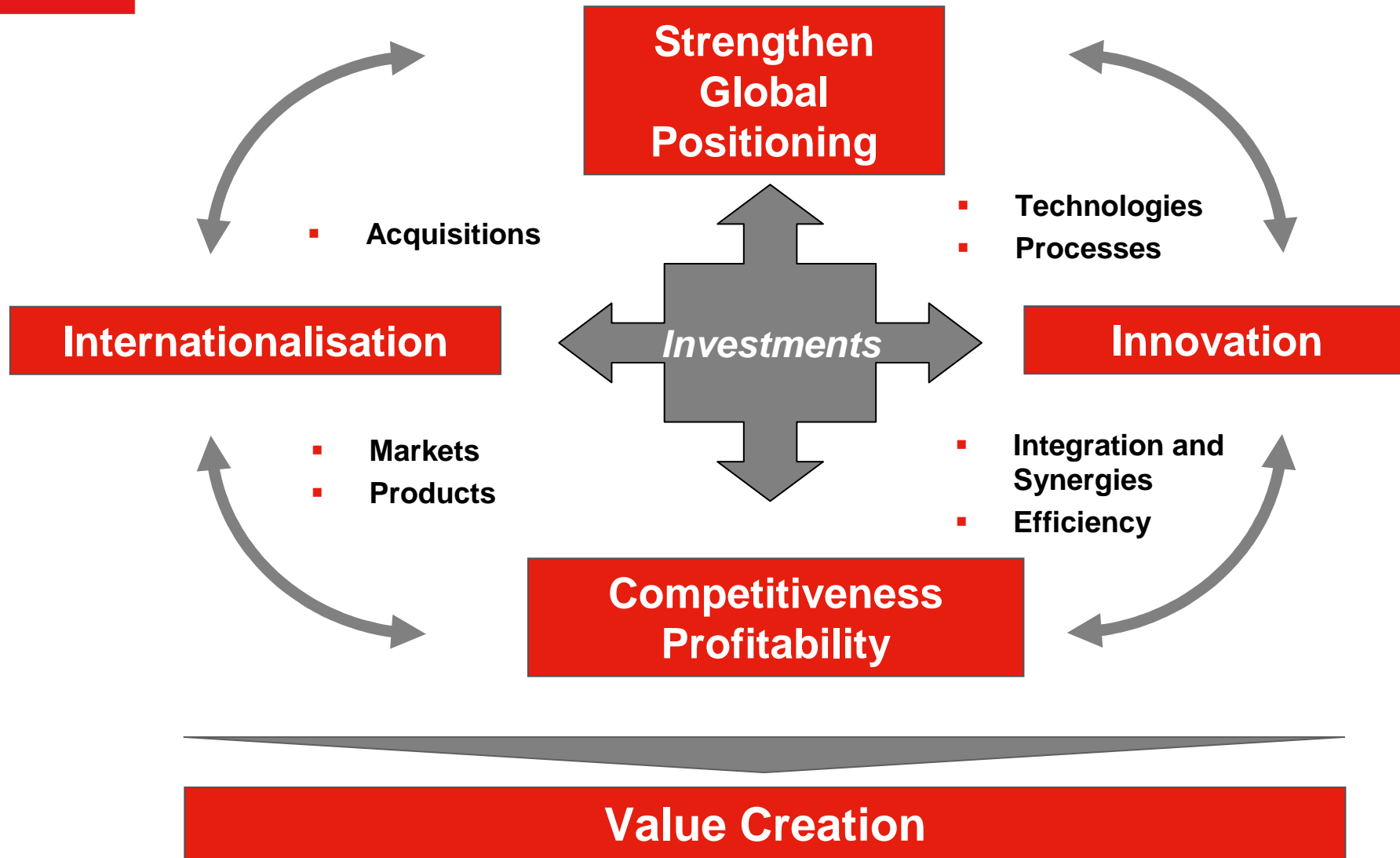
- EBIT margin up from 7.3% in 2006 to 8.1% in 2007

Innovation

- R&D investments up 3% from €1.78bn in 2006 to €1.84bn (14% of total Revenues), of which 80% is concentrated in Strategic Pillars

Value Creation

- EVA increased 18% from €192mn in 2006 to €227mn in 2007 (2006 restated with higher WACC)



Strong Track Record Over Last Five Years



Strengthened Global Positioning

Internationalisation

Competitiveness Profitability

Innovation

Value Creation

- Reinforced ranking amongst top ten A,D&S players
- Proven ability to win large competitive export orders
- Structural partnerships for high potential markets in place
- Production localisation proceeding well
- Improved product portfolio and avg. profitability of all orders
- Post-acquisition integration accomplished successfully
- Continued commitment to invest in selected enabling technologies
- Share performance: +111% since 2003
- Dividend increased from €0.20 p.s. in 2003 to €0.41 p.s. in 2007* (+20% CAGR)
- Buy-back programme launched for up to 8% of share capital
- EVA increased

*2007 proposal to be approved at AGM






- 1 Drive further growth of three Strategic Pillars*, both organically and through acquisitions particularly in UK and US
- 2 Exploit niche excellences to conclude wider strategic alliances. Leverage on niche capabilities in civil sectors to capture value in growing businesses
- 3 Establish and develop new local partnerships to achieve strong footprint in selected growing markets
- 4 Further develop new enabling technologies and rationalise / innovate product portfolio
- 5 Resolve residual criticalities through restructuring and industrial partnerships
- 6 Strengthen the Industrial Plan '08 – '10 to secure profitability targets through implementing additional efficiency measures
- 7 Enhance management accountability by increasing incentives based on performance related remuneration

Creating Value for our Shareholders






Alessandro Pansa

Financial & Business Review

FY 2007 Results vs. FY 2006

- Revenues up 8% to €13.4bn 
- EBIT up 19% to €1,084mn 
- Net profit up 49% to €503mn (excluding extraordinary capital gain in 2007 and capital gain from Ansaldo STS and Avio in 2006) 
- Dividend proposed of €0.41 (+17% vs. 2006) 
- EVA up 18% to €227mn 

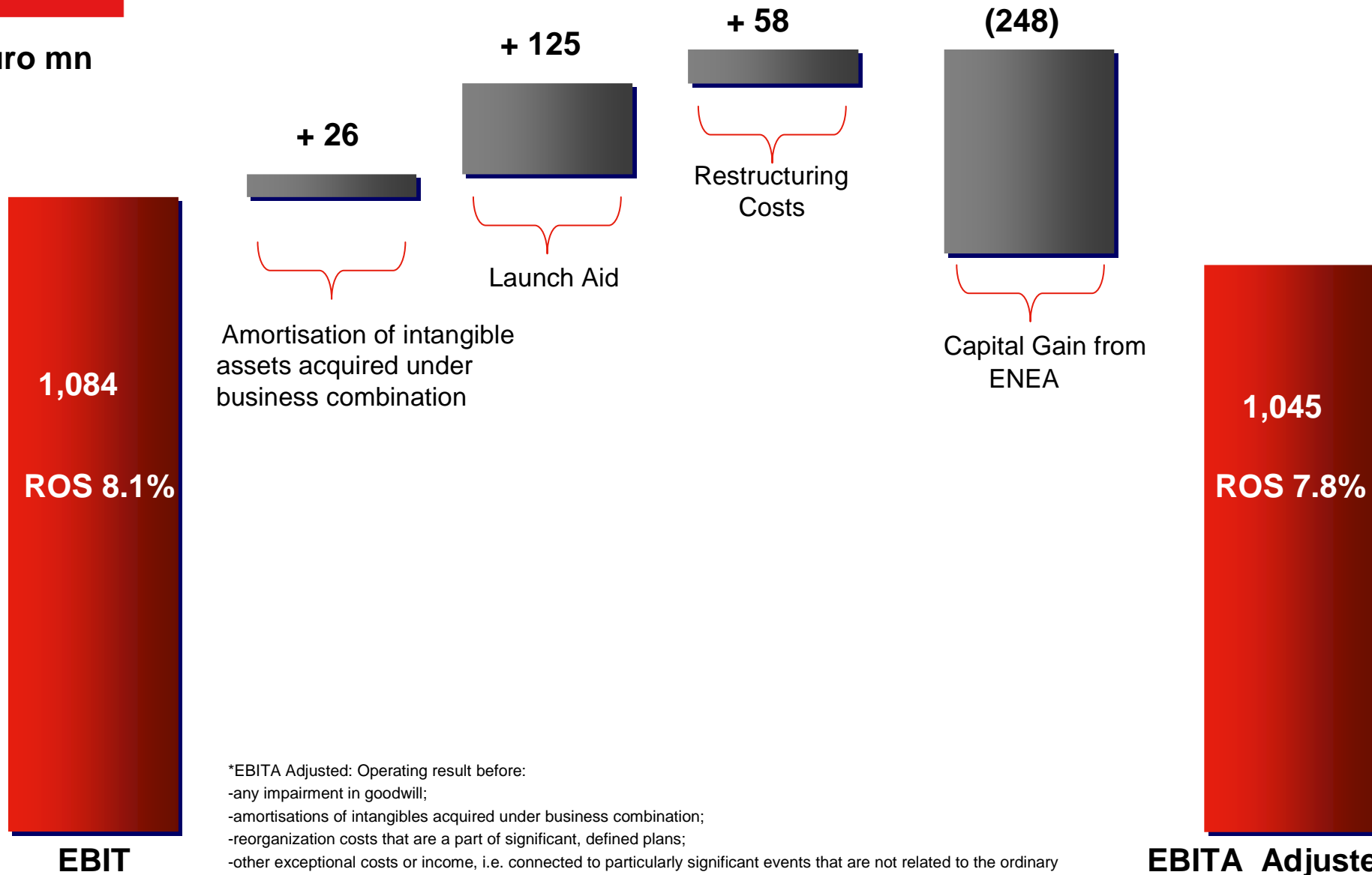
FY 2007 Results vs. FY 2006

- Positive FOCF of €375mn generated by strict monitoring of financial requirements of businesses and careful customer and supplier management. FFO up 11% to 1,081mn 
- Net debt to €1,158mn, from €858bn at the end of 2006. Debt to Equity 21% 
- Order intake at €17.9bn, 54% military 
- Backlog up 10% to €39.3bn, equivalent to approx. 3 years of production 
- ROI up to 18.9% from 17.7% in 2006 

Reclassification Group EBITA Adjusted* 2007



Euro mn

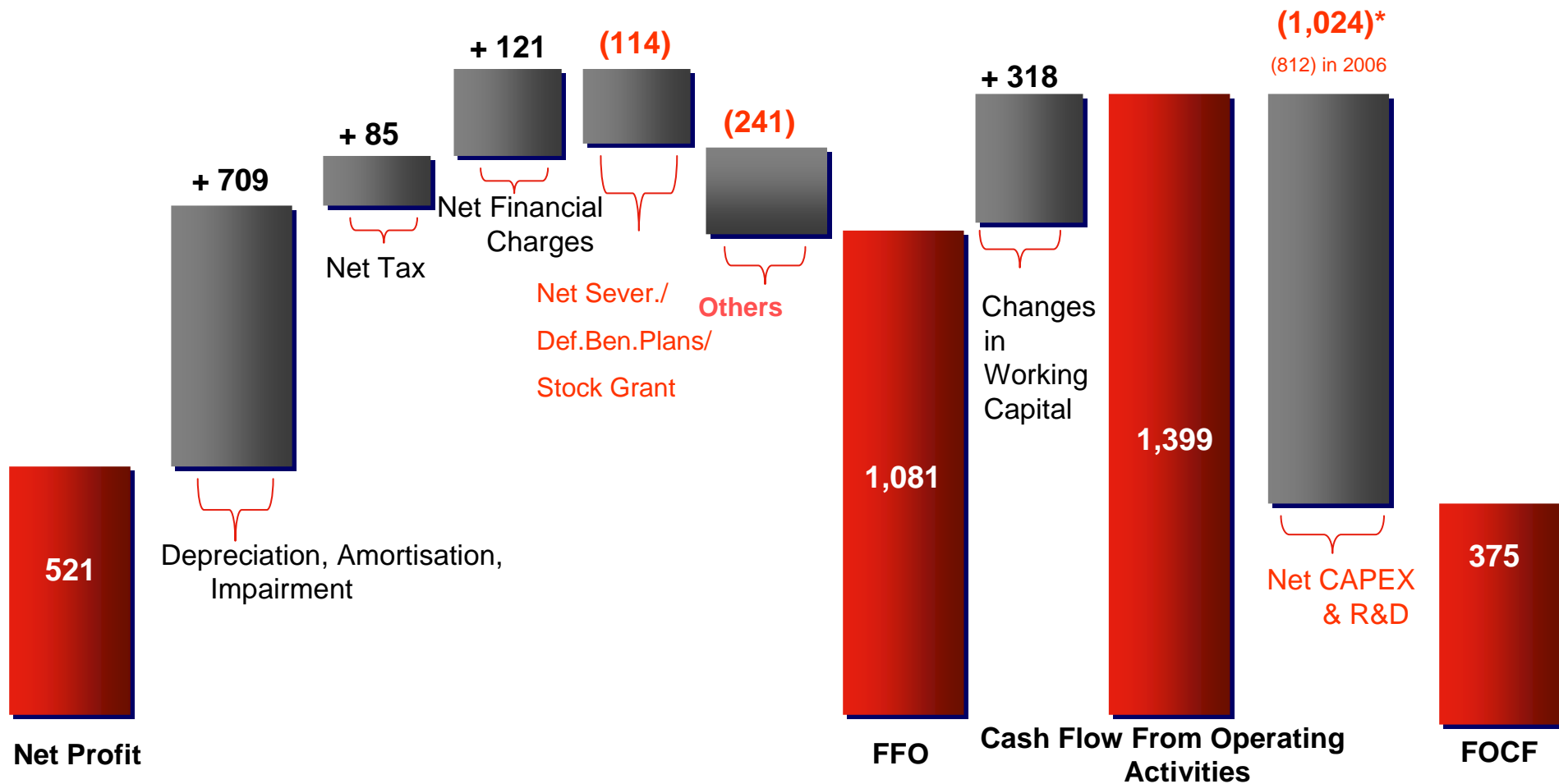


*EBITA Adjusted: Operating result before:
 -any impairment in goodwill;
 -amortisations of intangibles acquired under business combination;
 -reorganization costs that are a part of significant, defined plans;
 -other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

EBITA Adjusted

FOCF Breakdown In 2007

Euro mn



Total R&D Expenditure



Eur mn	2007		2006	
	Value	% of Revenues	Value	% of Revenues
R&D total expenditure	1,836	13.7%	1,783	14.3%
Less Customer Funded	(897)		(947)	
Less Government Funded	(362)		(291)	
Group Expenditure	577	4.3%	545	4.4%
Capitalised	(288)		(274)	
R&D Costs Charged to P&L	289	2.2%	271	2.2%
Depreciation and Write-off	246		93	
Royalties	31		31	
Total P&L Charges	566	4.2%	395	3.2%

Development Costs Capitalised in Intangible Assets at FY 2007



Eur mn	Self Funded National Security	Self Funded Other	Total
1 Jan 2007 Opening balance	693	284	977
Investments	140	148	288
Depreciation	(58)	(65)	(123)
Write-off and Other Movements	(91)	(35)	(126)
Net Investments	(9)	48	39
31 Dec. Closing Balance	684	332	1,016

BUSINESS REVIEW & OUTLOOK

- Relatively low exposure to ForeX volatility, namely US\$ and to a lesser extent GBP (only translation effect)
- Currently approx. 20% of Finmeccanica Group Revenues denominated in US\$ (of which approx. 70% naturally hedged)
- Centralised ForeX hedging through forwards, swaps and options in place for all material transactions, as well as those which are very likely to occur
- Strategic hedging through increasing US\$ procurement in USA and production site delocalisation in other low US\$ cost countries
- Raw material ForeX risk hedged directly through financial hedging and Long Term Agreements
- Group backlog financially and naturally hedged until 2010

Large Programmes Driving Growth Over Next Five Years



EXPECTED

Helicopters

- Presidential helicopter increment worth €2.5bn in 2009
- AW139 best selling helicopter with > 420 orders expected over 2008-2012 for approx. €3.5bn

Defence Electronics

- Eurofighter Tr.3 & Saudi worth €3bn for avionics
- Forza Nec, €1.1bn for Defence Electronics
- Tetra, €1.5bn over 2008-2012
- Fremm, naval ca. €0.6bn over 2008-2012

Aeronautics

- C-27J export ca. €1.7bn over 2008-2012
- B787: 300 a/c in backlog, >550 still to be received from Boeing
- M346, 12-14 a/c for Italian AF, first order expected by 2008
- ATR: ca. 200 a/c in backlog, further large export orders expected

OPPORTUNITIES

Helicopters

- CSAR in USA of ca. US\$15bn; decision expected in 2008
- CH47+ EH101 in UK ca. €1.6bn
- IOS for UK MoD worth €1.5bn over 2008-2012

Defence Electronics

- Saudi Border Control system worth \$7bn

Aeronautics

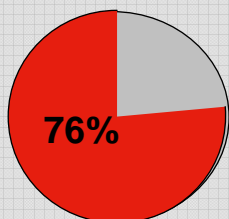
- M346 exports (i.e. UAE, Greece, Saudi)
- Eurofighter (i.e. Japan, Brazil, Turkey, Greece)
- JSF ca. US\$10bn over next decade starting 2011/12

Helicopters: Demonstrating Strong Profitable Growth



(€mn)	FY 07	FY 06	%Change
Revenues	2,980	2,727	9%
EBITA Adj	377	296	27%
Margin	12.7%	10.9%	-
Orders	3,970	4,088	(3%)
Backlog	9,004	8,572	5%

Defence Revenues



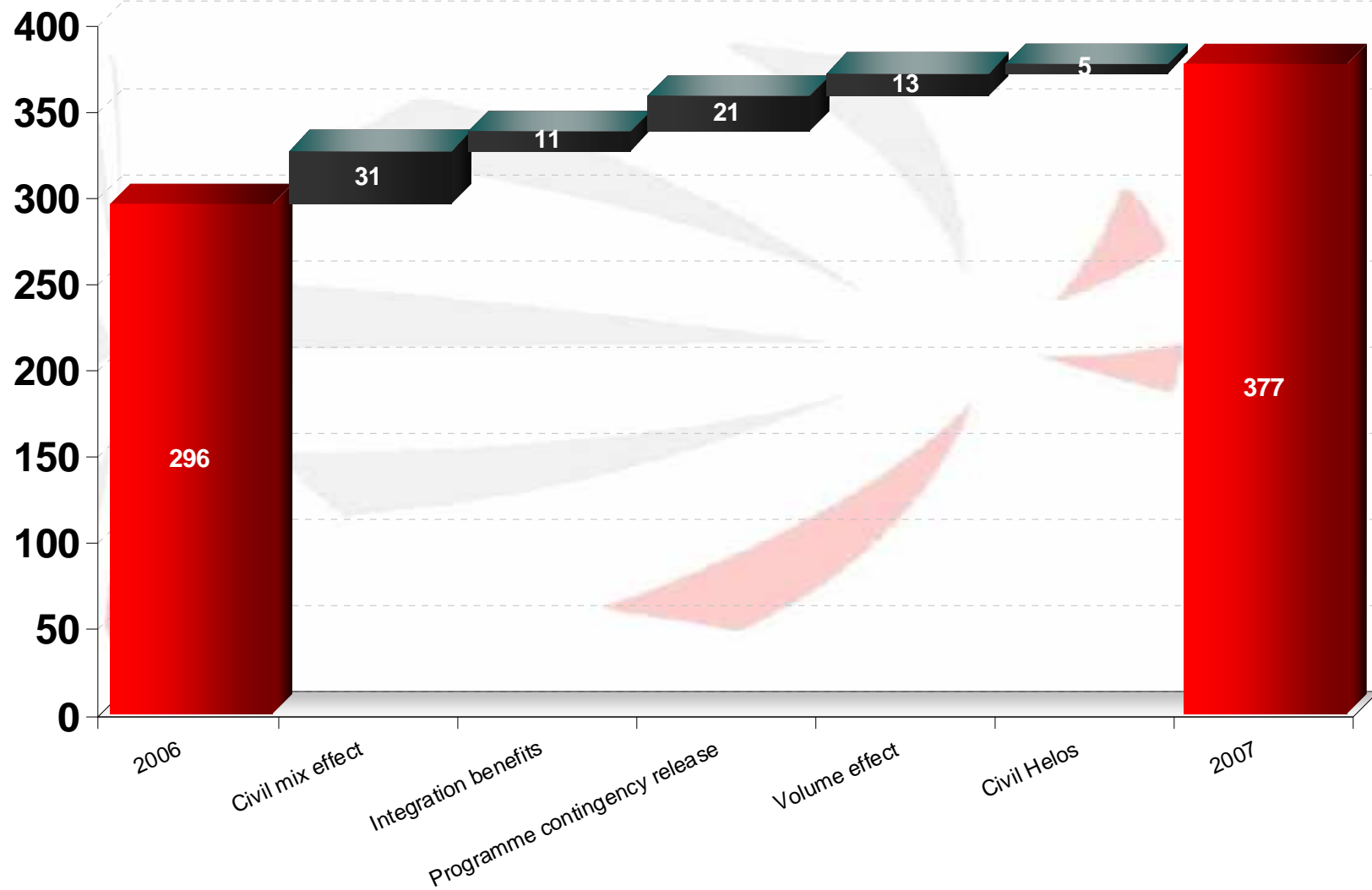
FY 2007

- Volumes, higher civil mix, productivity gains and ongoing UK-Italy integration benefits drive higher profitability
- EBITA benefits from centralised contingency release of €21mn mainly from successful completion of Apache programme
- Book to bill very high due to increasing international order intake

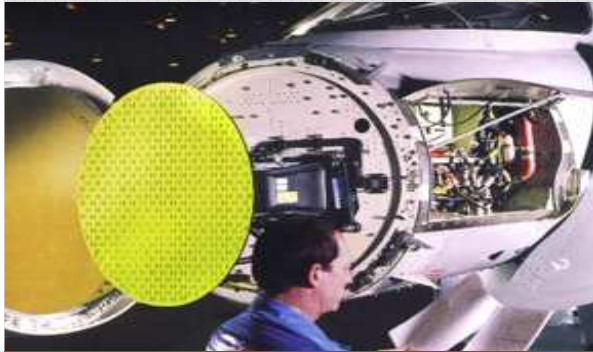
Outlook 2008 – 2010

- High order intake expected to continue due to high demand for new civil helicopters, increased penetration of US civil and government market, higher UK integrated support and increasing military exports
- Steady ramp up in production to satisfy growing civil and military demand
- Ongoing integration benefits and good civil mix should sustain margins above 10%

Helicopters: Changes In EBITA Adjusted* (2007 vs. 2006)



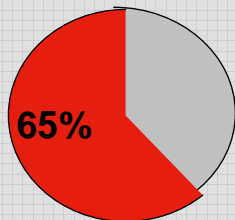
Defence Electronics: Robust Recovery in Profitability



(€mn) FY 07 FY 06 %Change

(€mn)	FY 07	FY 06	%Change
Revenues	3,826	3,747	2%
EBITA Adj	427	338	26%
Margin	11.2%	9%	-
Orders	5,240	4,197	25%
Backlog	8,725	7,676	14%

Defence Revenues



FY 2007

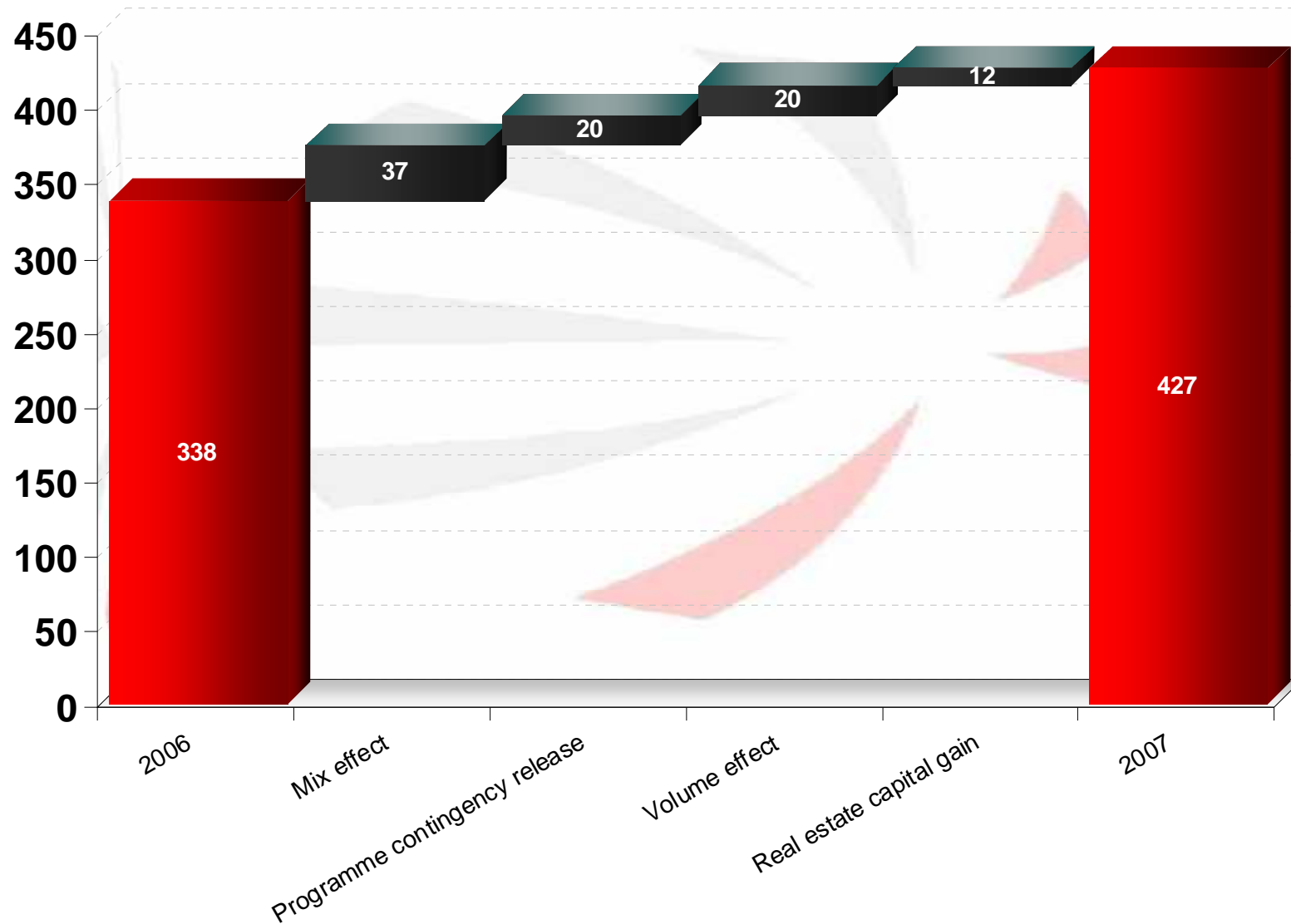
- Strong international order intake for Eurofighter and large integrated systems
- Higher profitability driven by business mix improvement and better integration between businesses with good performances in particular by UK avionics, IT & Security and Command & Control
- EBITA benefits from centralised contingency release of about €20mn (successful completion of some avionic, command & control and comms programmes), real estate gain of €12mn, and exclusion of comms restructuring charge of €30mn*

Outlook 2008 – 2010

- Significant increase in revenues driven particularly by Large Integrated Systems, Eurofighter, FREMM naval, new Battleground systems for Italian Army and new security applications
- Sustain good level of profitability through operational leverage and ongoing efficiency measures (plant rationalisations, supply chain optimisation, shared procurement and plant integration)

*Charged in EBIT line below EBITA adjusted

Defence Electronics: Changes In EBITA Adjusted (2007 vs. 2006)



Aeronautics: Balanced and Profitable Growth



FY 2007

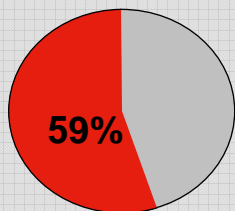
- ATR and Eurofighter second tranche drive increase in volumes and operating profit
- EBITA benefits from €20mn price revision on Eurofighter development activity (positive ATR provision release of €32mn in 2006)

(€mn)	FY 07	FY 06	%Change
Revenues	2,306	1,908	21%
EBITA Adj.	240	209	15%
Margin	10.4%	11%	-
Orders	3,104	2,634	18%
Backlog	8,248	7,538	9%

Outlook 2008 – 2010

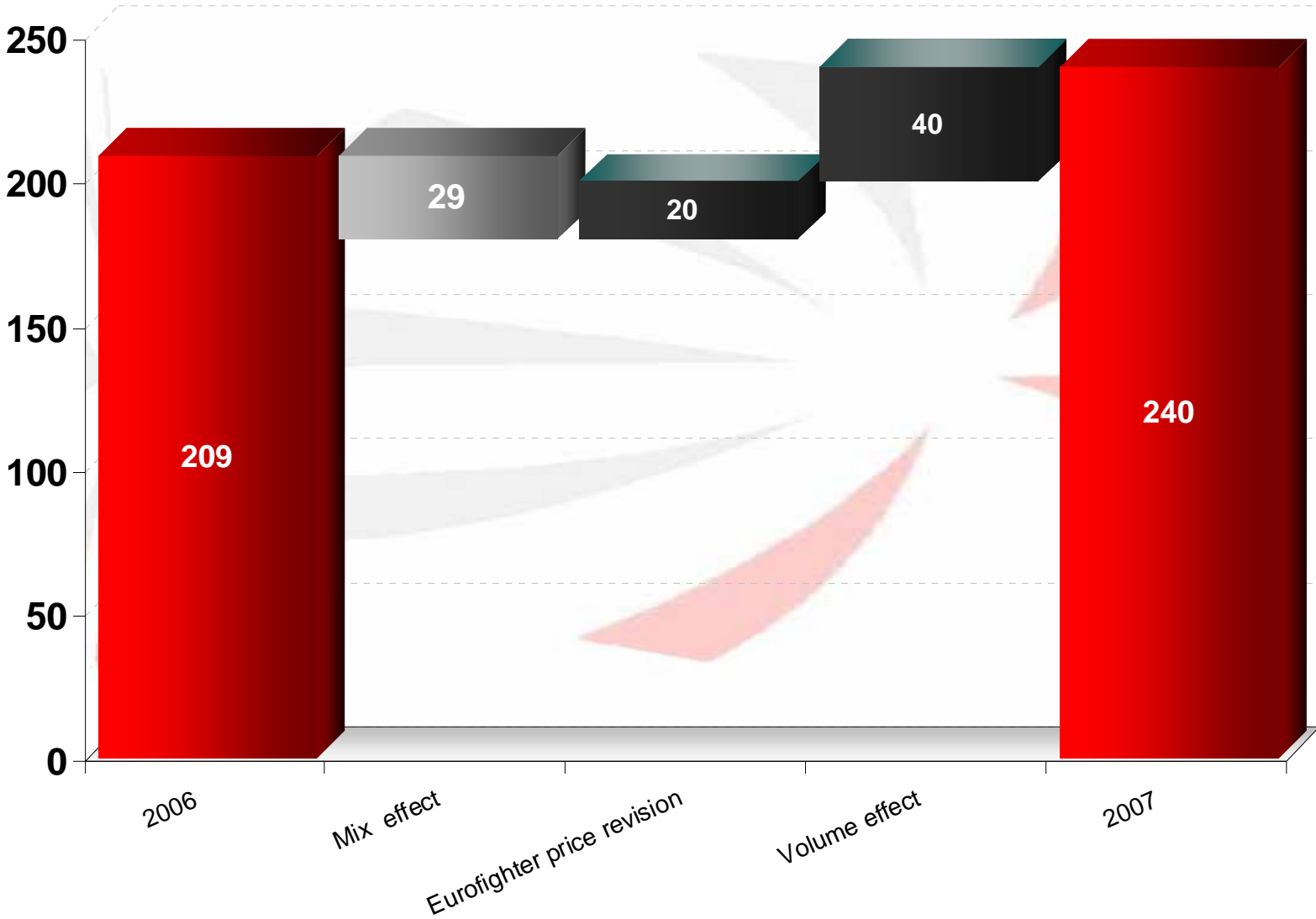
- Military trainer, C27J and Eurofighter exports together with ramp up in ATR and B787 production to drive significant volume growth
- Margins sustainable due to operating leverage, efficiency measures and G&A reduction

Defence Revenues



Emerging Military Export Opportunities

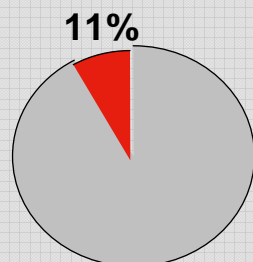
Aeronautics: Changes In EBITA Adjusted (2007 vs. 2006)





(€mn)	FY 07	FY 06	%Change
Revenues	853	764	12%
EBITA Adj.	61	42	45%
Margin	7.2%	5.5%	-
Orders	979	851	15%
Backlog	1,423	1,264	13%

Defence Revenues



FY 2007

- Services and Manufacturing both drive volume increase
- Profitability improvement due to industrial efficiency gains increased saturation of satellite capacity in Services and ongoing integration benefits between Italian-French plants in Manufacturing

Outlook 2008 – 2010

- Revenue growth driven by higher Defence and value added orders in Services together with higher commercial activity for Manufacturing
- Order mix expected to improve over next few years with higher Defence, Security and Space Agency intake
- More satellite proprietary activity to improve profitability for Services
- Further efficiency and integration benefits to offset tougher commercial market conditions for Manufacturing in short term



FY 2007

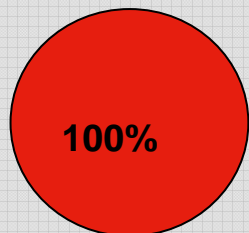
- Underwater profitability recovers due to increased activity for light torpedoes and countermeasures
- EBITA benefits from provision release of €18mn in land guns

(€mn)	FY 07	FY 06	%Change
Revenues	1,130	1,127	0%
EBITA Adj	125	107	17%
Margin	11.1%	9.5%	-
Orders	981	1,111	(12%)
Backlog	4,099	4,252	(4%)

Outlook 2008 – 2010

- Growth and profitability driven by naval, land and underwater
- Site rationalisation and industrial efficiency being implemented

Defence Revenues





Transport

(€mln)	FY 07	FY 06	%Change
Revenues	1,356	1,368	(1%)
EBITA Adj.	(110)	17	n.s.
Margin	(8.1%)	1.2%	-
Orders	1,786	2,127	(16%)
Backlog	5,108	4,703	9%

Transport

FY 2007

- Good performance by Signalling & Systems (Ebita + 17%) more than offset by Rolling Stock losses

Outlook 2008 - 2010

- Signalling & Systems expected to maintain solid and profitable growth
- Rolling stock expected to recover in 2008 due to restructuring and higher volumes leveraging strong backlog



Energy

(€mln)	FY 07	FY 06	%Change
Revenues	1,049	978	7%
EBITA Adj.	93	65	43%
Margin	8.9%	6.6%	-
Orders	1,801	1,050	72%
Backlog	3,177	2,468	29%

Energy

FY 2007

- Exceptional performance driver by higher volumes and increased profitability of some orders

Outlook 2008 – 2010

- On track to continue significant growth path and maintain higher level of profitability through improved order margins and increased service mix



Operating loss (EBIT) of €230mn of which:

- **€105mn of negative trading loss (vs. €77mn in 2006) due to ongoing losses on legacy programmes, restructuring costs (300 layoffs) and lower than expected revenues in particular for service activities**
- **€125mn attributable to further prudent contract revision due to:**
 - higher costs necessary to solve technical problems on light rail contracts
 - higher than expected settlement costs for revised Danish contract
 - delays in recovering production efficiency for Morocco and Madrid contracts
 - increased engineering costs for high speed Holland-Belgium train contract
 - increased penalty costs due to programme delivery delays



Industrial recovery plan accelerated in 2007 and now in advanced state of implementation:

Reorganisation Plan Completed:

- Engineering and Production line skills renewed and strengthened together with reduction in administration staff

Industrial Plan Revised

- Crash programme completed
- Process programme in advanced stage of implementation

Key Technical Issues Solved

- Weight problem completely resolved for E403 locomotives with first vehicle delivered in December
- “Conditional Preliminary Taking Over” achieved for Danish railways with start up of passenger services on regional lines
- Finalisation of prototype for high speed Holland – Belgium train



Operating breakeven expected in 2008 due to significant increase in revenues underpinned by strong order backlog

- Helicopters
 - 2010 €65mn target (of which €52mn achieved by 2007)
 - Consolidation of lead times project to gain additional productivity and efficiency
 - Completion of single SAP project will bring enhanced efficiency and effectiveness in operations
- Avionics
 - 2010 €60mn target (of which €23mn achieved by 2007)
- It Security
 - 2010 €20mn target (of which €10mn achieved by 2007)

+

Additional Target for Space

- Satellite Manufacturing
 - 2008 €15mn target from eliminating cost duplication, procurement savings and industrial rationalisation

- **Production cost reduction**
 - Global sourcing on €700mn purchase of materials and components:
 - Expected 10% savings 36 months after start up with 2010 €60mn target
 - Further ongoing purchase reduction activities (i.e. on-line auctions)
 - Reduction in services and labour costs

- **Production sites**
 - Restructuring to eliminate overlaps: 2010 €60mn target savings

- **G&A**
 - G&A% share of Revenues: to fall from 5.9% in 2007 to 5.1% in 2010 mainly due to administration rationalisation and consultancy expense cuts

STMicroelectronics Stake Further Reduced



- Extracted majority premium on 26mn shares due to French need to rebalance voting stake
- Sold 26mn to French shareholders at €10 per share for total proceeds of approx. €260mn, with capital gain of €69mn net of taxes, plus a potential earn out of €4 per share
- Cash proceeds to be invested for Finmeccanica Share Buy Back.
- Residual stake of 33.7mn shares, currently hedged at approx. €2 in addition to market price

Shareholder Remuneration: Share Buy Back Started



- On 16 January 2008, AGM approved Share Buy Back
 - 11.1mn shares for Management Performance Share Plan
 - 22.9mn shares aimed at increasing ordinary share value
 - Time frame 18 months

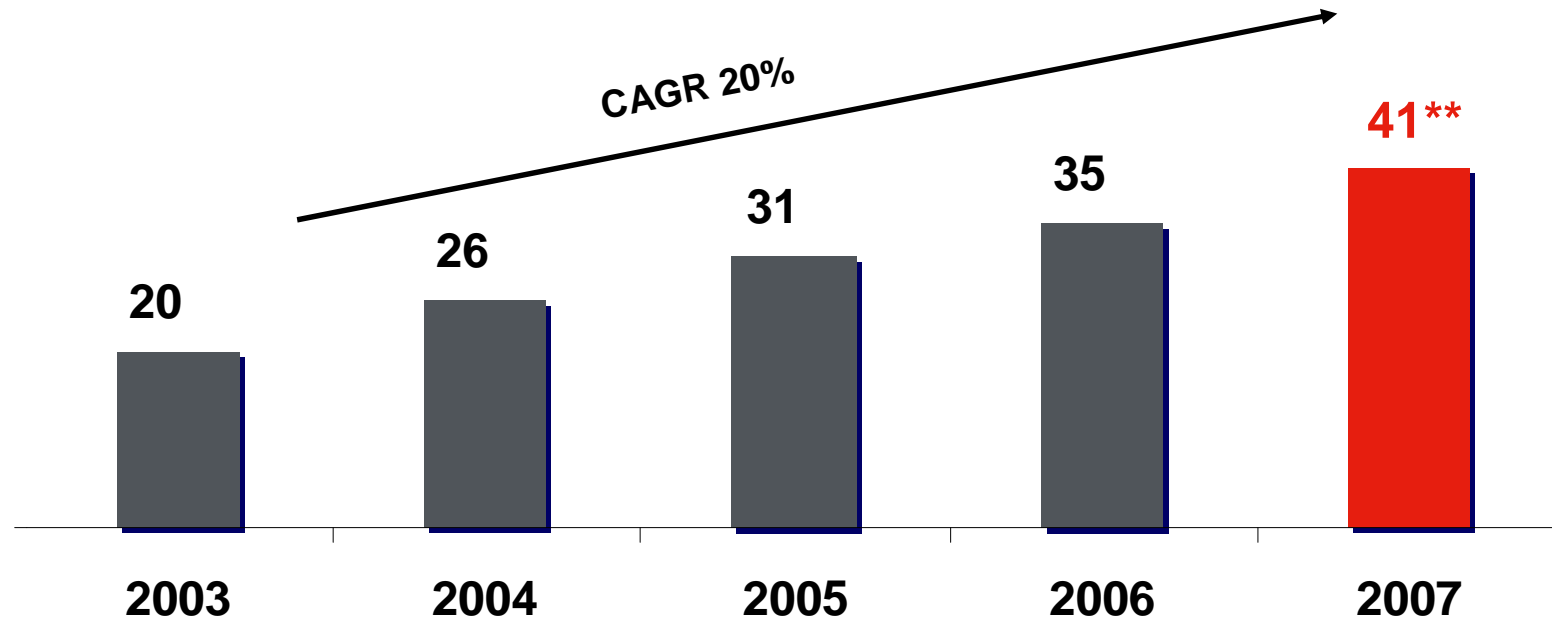
- On 28 February, Board launched Share Buy Back

- On 29 February 2008, 100,000 shares purchased for €2mn

- On 3 March pre results “black out” period started

- Total number of shares currently owned by Group amounts to 443,777

Ordinary Dividend per Share*



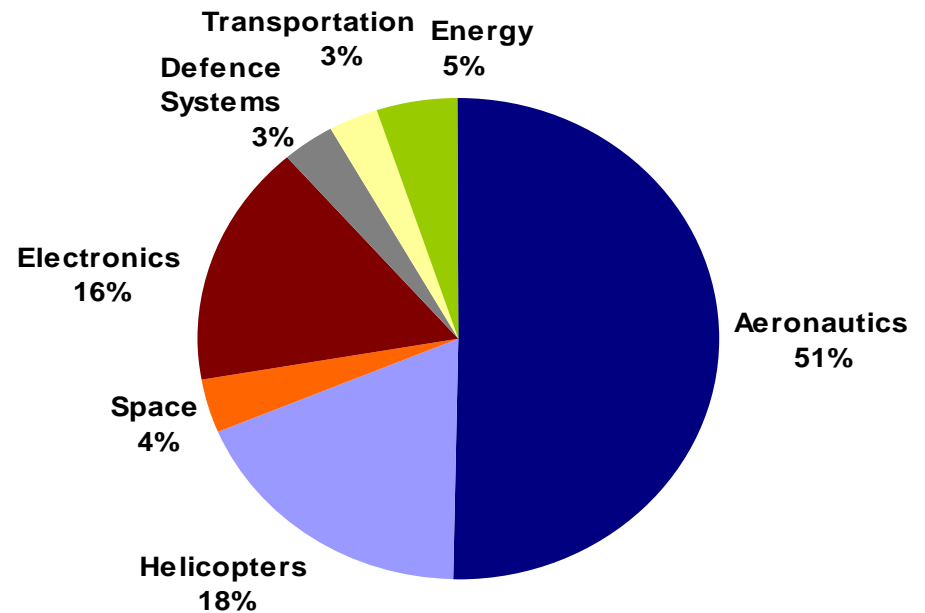
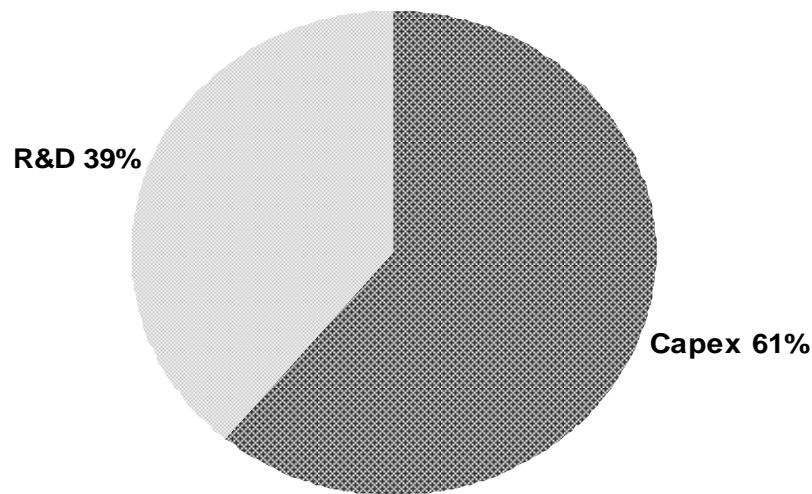
* All data in Euro cents

**2007 proposal to be approved at AGM

- Dividend of €0.41 proposed (+17% compared to previous year)
- DPS more than doubled from 2003 to 2007
- Constant dividend increase every year (CAGR 20%)

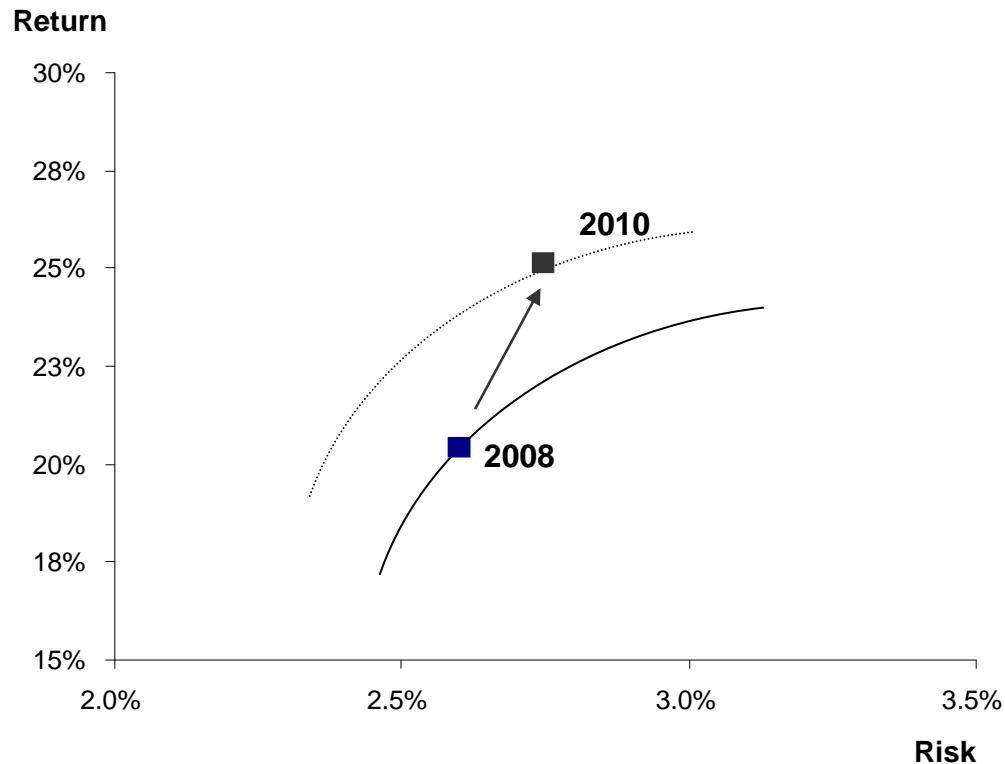
Focus on High-Performance Investments

- During 2008-2010 Finmeccanica has investment plans totaling **€4.2bn** before government grants. Other external funding up approx. 25% vs. the 2005-2007 period
- Investments are the result of a rigorous investment selection that has cut the “lower 10%” of operating company expenditures and focused resources on high-performance programmes



Targeting a Higher Return on Capital by 2010

- Finmeccanica's portfolio is expected to move to a higher risk-return frontier, increasing its return on capital with a limited increase in risk



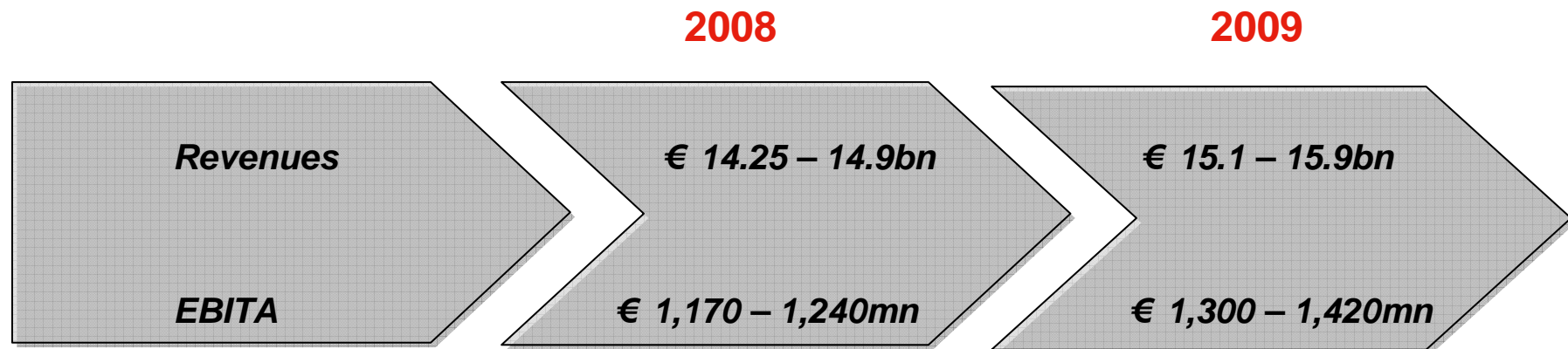
2008 → 2010 :

- Efficiency gains in product development across the entire portfolio
- Tight control on invested capital, both capitalised assets and working capital
- Risk management policies applied to individual contracts and to large programmes

$$\text{Return} = \frac{\text{EBIT}_{\text{Risk Adjusted}}}{\text{Net Invested Capital}}$$

$$\text{Risk} = \frac{\text{EBIT}_{\text{Risk Adjusted}} - \text{EBIT}_{\text{WorstCase}}}{\text{Net Invested Capital}}$$

Guidance Revised Upwards For 2008 And 2009 On Track To Achieve....



- Cumulative FOCF* 2008-2010 €1.3–1.5bn; 2008 in line with 2007
- Dividend policy: increase together with profits
- Optimal capital structure: Net debt/Equity <35-40%
- Net bank debt/EBITDA <1.8

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

...Guidance 2010

(Euro mn)	2007A			<i>Stretch 2010 Targets</i>		
	Revenues	EBITA	EBITA Margin	Revenues	EBITA	EBITA Margin
Strategic Pillars*	9,112	953	10.5%	11,960	1,280	10.7%
Space & Defence Systems	1,983	163	8.2%	2,350	230	9.8%
Transport, Energy and Others	2,750	(71)	(2.6%)	3,090	140	4.5%
TOTAL	13,845			17,400	1,650	-
Eliminations	(416)			(900)**	-	-
TOTAL	13,429	1,045	7.8%	16,500	1,650	10.0%

* Strategic Pillars: Helicopters; Aeronautics; Defence Elect.

** Estimated



Guidance Achieved For Fifth Consecutive Year



	2003 (Italian GAAP)		2004 (Italian GAAP)		2005 (IAS)		Outcome
	Guidance	Reported	Guidance	Reported	Guidance	Reported	
Value of Production YOY	9-10%	11%	7%	9%	20%	25%	✓✓✓
EBIT	6-6.5% low end	6.4%	> € 550mln	€ 614mln	Ca. € 700mln	€750 mln	✓✓✓
Net Debt/Equity	<35-40%	8%	<35-40%		<35-40%	24%	✓✓✓
Operating Cash Flow	> € 0	€ 496 mln	> € 0	€ 364 mln	Cumulative FOCF 2005-2007: €600mln	€ 501mln	✓✓✓

	2006 (IAS)		2007 (IAS)		Outcome
	Guidance	Reported	Guidance	Reported	
Revenues YOY	€ 12.7-13bn (Value of Production)	€ 12.5bn (Revenues)	€ 13.1-13.7bn	€ 13.4bn	✓✓
EBIT	€ 840-860mln	€ 878mln	€ 1,050-1,100mln	€ 1,084mln	✓✓
Net Debt/Equity	<35-40%	16%	<35-40%	21%	✓✓
Free Operating Cash Flow	€ 300mln	€ 506mln	>0	€ 375mln	✓✓

Avg FOCF p.y. 2006 - 2008

Pier Francesco Guarguaglini

Business Strategy

- 1 Drive further growth of three Strategic Pillars*, both organically and through acquisitions particularly in UK and US
- 2 Exploit niche excellences to conclude wider strategic alliances. Leverage on niche capabilities in civil sectors to capture value in growing businesses
- 3 Establish and develop new local partnerships to achieve strong footprint in selected growing markets
- 4 Further develop new enabling technologies and rationalise / innovate product portfolio
- 5 Resolve residual criticalities through restructuring and industrial partnerships
- 6 Strengthen the Industrial Plan '08 – '10 to secure profitability targets through implementing additional efficiency measures
- 7 Enhance management accountability by increasing incentives based on performance related remuneration

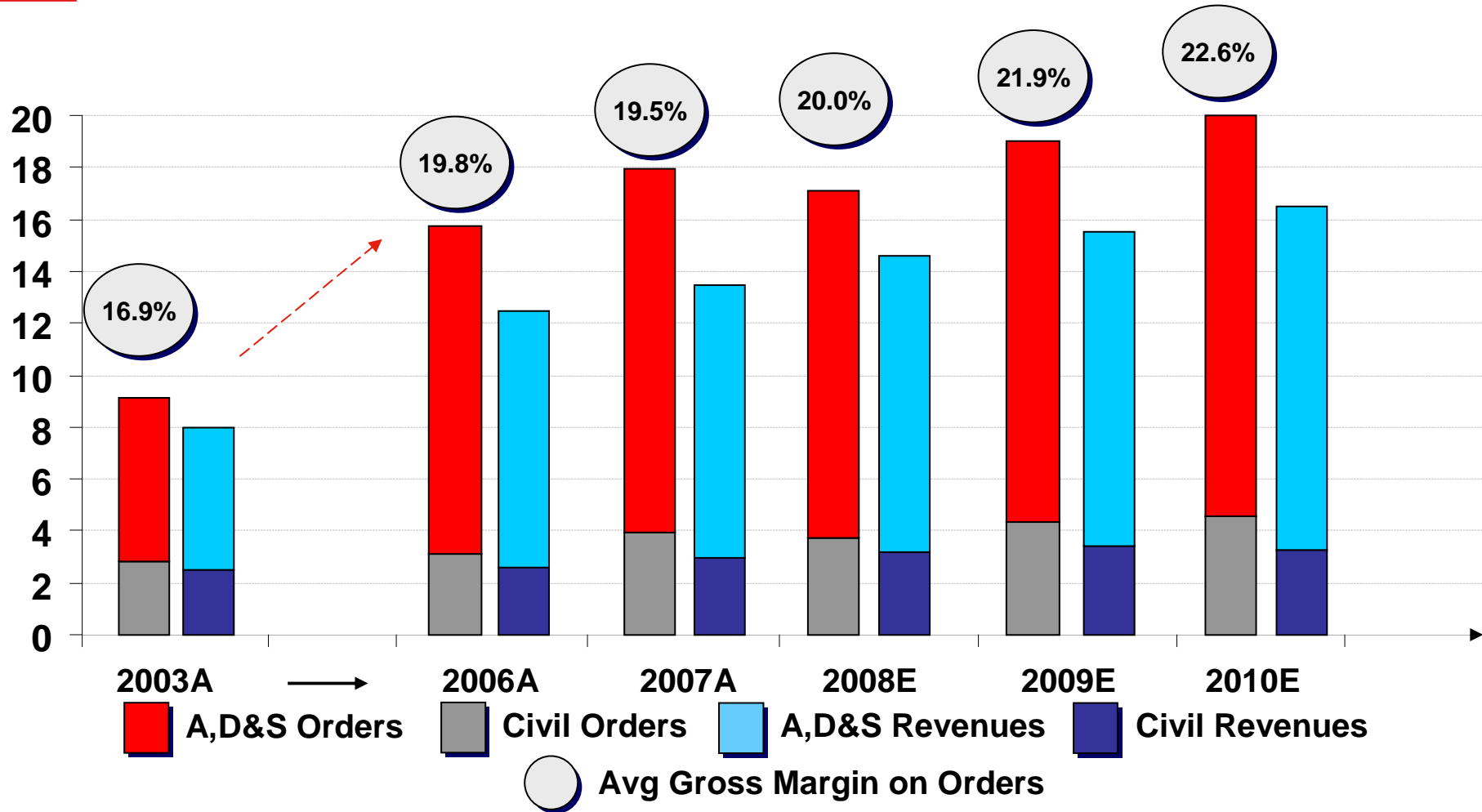
Creating Value for our Shareholders

1

Long Term Organic Growth Driven By High Quality Order Intake



€bn



**“Defensive” Revenue profile:
> 50% of Group Revenues and > 60% of A,D&S Revenues
coming from purely military programmes**

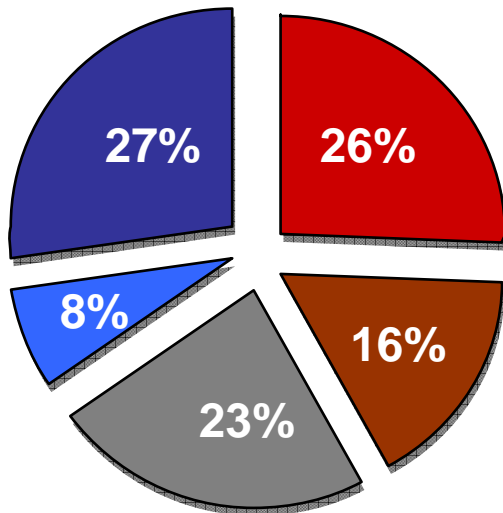
1

Organic Growth Driven By Expanding International Footprint (1/2)

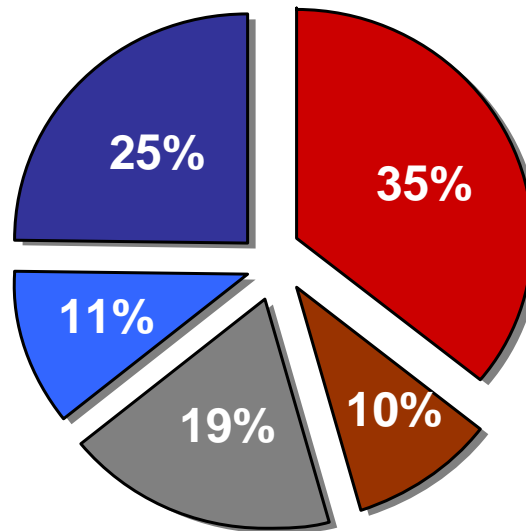


Orders

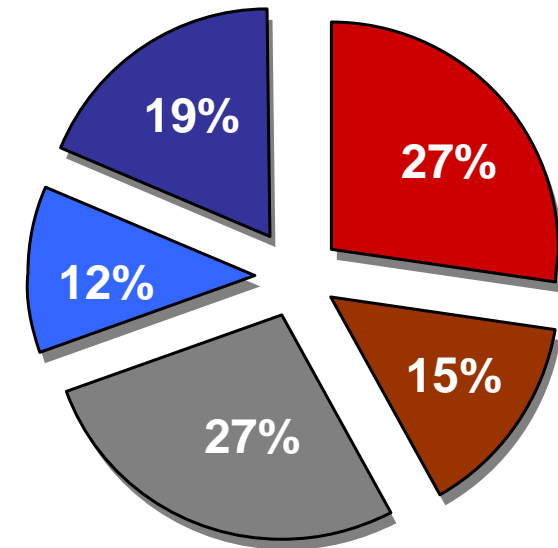
2007A: €17.9bn
Avg Gross Margin 19.5%



2008E: ca. €17.1bn
Avg Gross Margin 20%



2010E: ca. €20bn
Avg Gross Margin 22.6%



1

Organic Growth Driven By Expanding International Footprint (2/2)

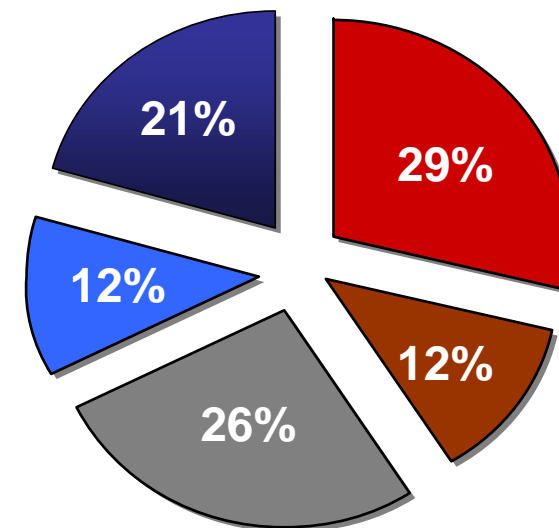
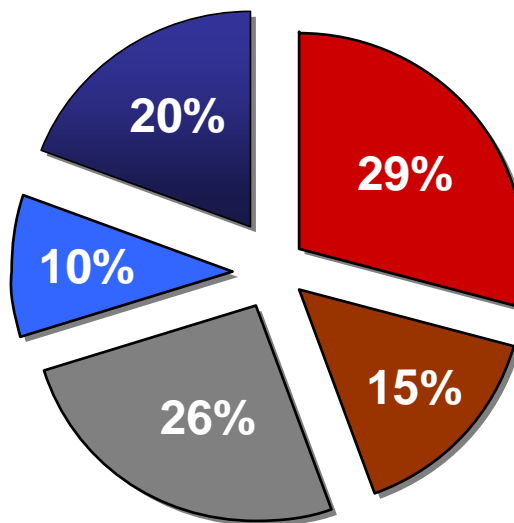
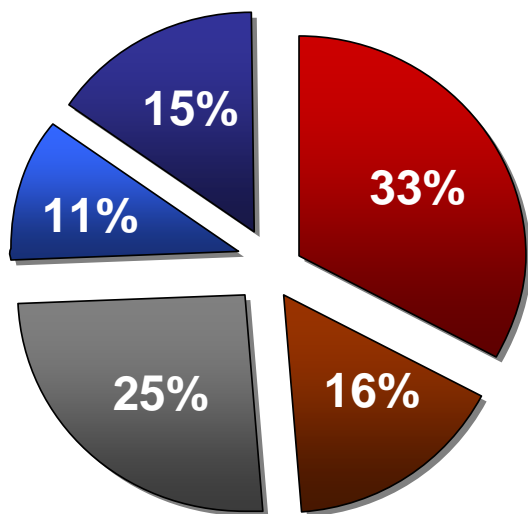


Revenues

2007A: €13.4bn

2008E: €14.3-14.9bn

2010E: €16-17bn

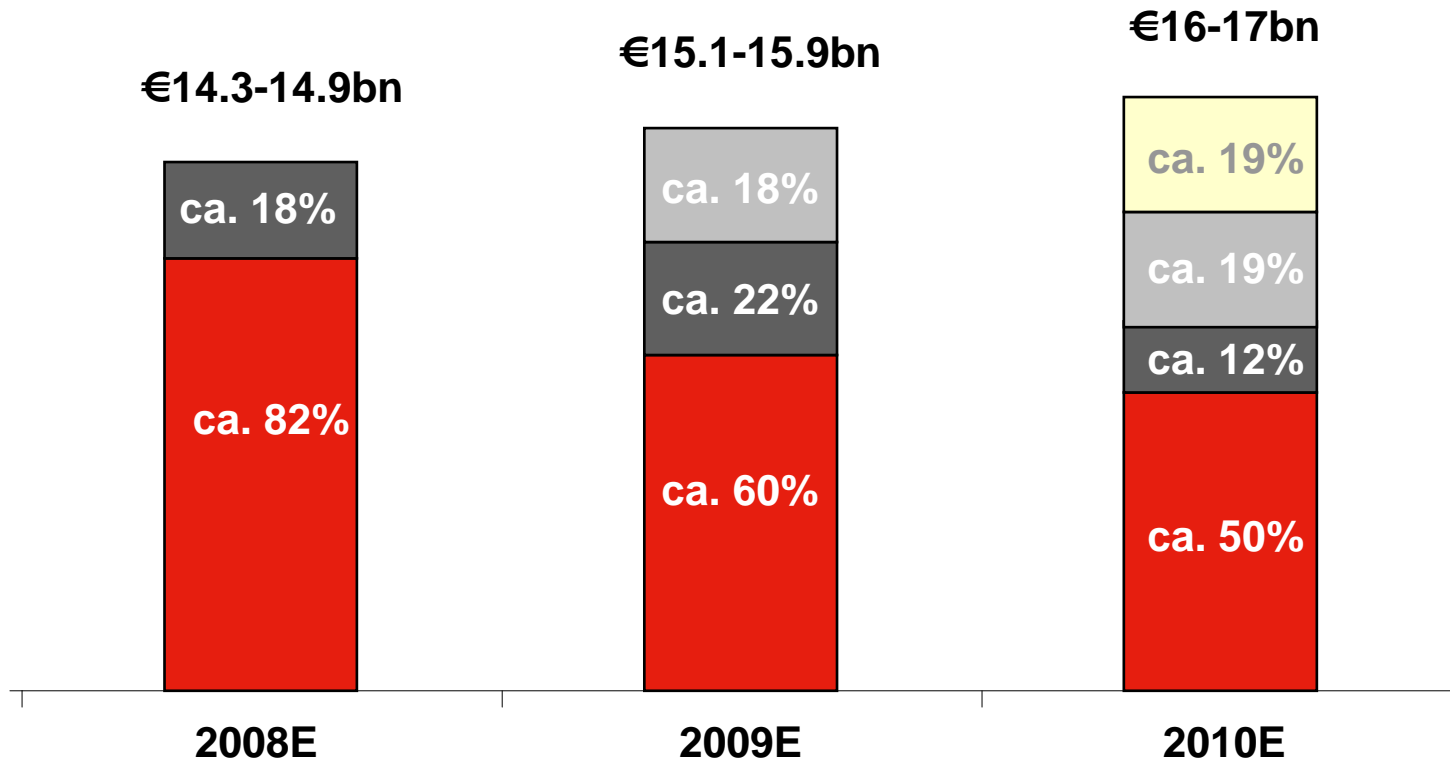


1

Revenue Growth Targets Well Covered By Growing Backlog



Revenues



Covered by orders to be acquired...

- ... during 2010
- ... during 2009
- ... during 2008
- Covered by firm orders

Mainly driven by 3 Strategic Pillars



- Two selective “*value adding*” small - mid size acquisitions finalised over the last few months in the US and UK:
 - **US: Reles** is a provider of Law Enforcement solutions for Local and Federal authorities with distinctive skills in advanced imaging techniques for automatic surveillance and recognition
 - **UK: Vega** - formerly listed on LSE, operating in Defence, Aerospace and Government services - provides **engineering, technology consulting services and managed solutions**, particularly in UK and Germany and is involved in *Eurofighter* and *Watchkeeper*. This acquisition allows to complete the range of competences as **Lead System Integrator**
- Both acquisitions are part of our **external growth strategy** aimed at increasing footprint in key markets, improving skills/capabilities as a solution provider and further strengthening ties with the **UK MoD** (Vega)

**... targeting additional opportunities for external growth
mainly in Strategic Pillars, particularly in the US**

Italian - French cooperation agreement to create a leading player in Underwater Systems

- Finmeccanica, DCNS and Thales cooperating for a **structural alliance in Underwater Systems** aimed at strengthening the European defence industry and creating a leading world player in this segment
- Finmeccanica and its partners are creating three joint-ventures:
 - **Torpedo Programme JV**, in charge of torpedo system engineering, design and development, marketing & sales and programme management activities
 - **Torpedo Manufacturing JV**, responsible for torpedo manufacturing and support activities, energy module engineering, test and manufacturing
 - **Sonar JV** including the acoustic head design, development, manufacturing & support activities and sonar business dedicated to Italian customer

**... now working for a wider strategic alliance in
Land and Naval Armaments**

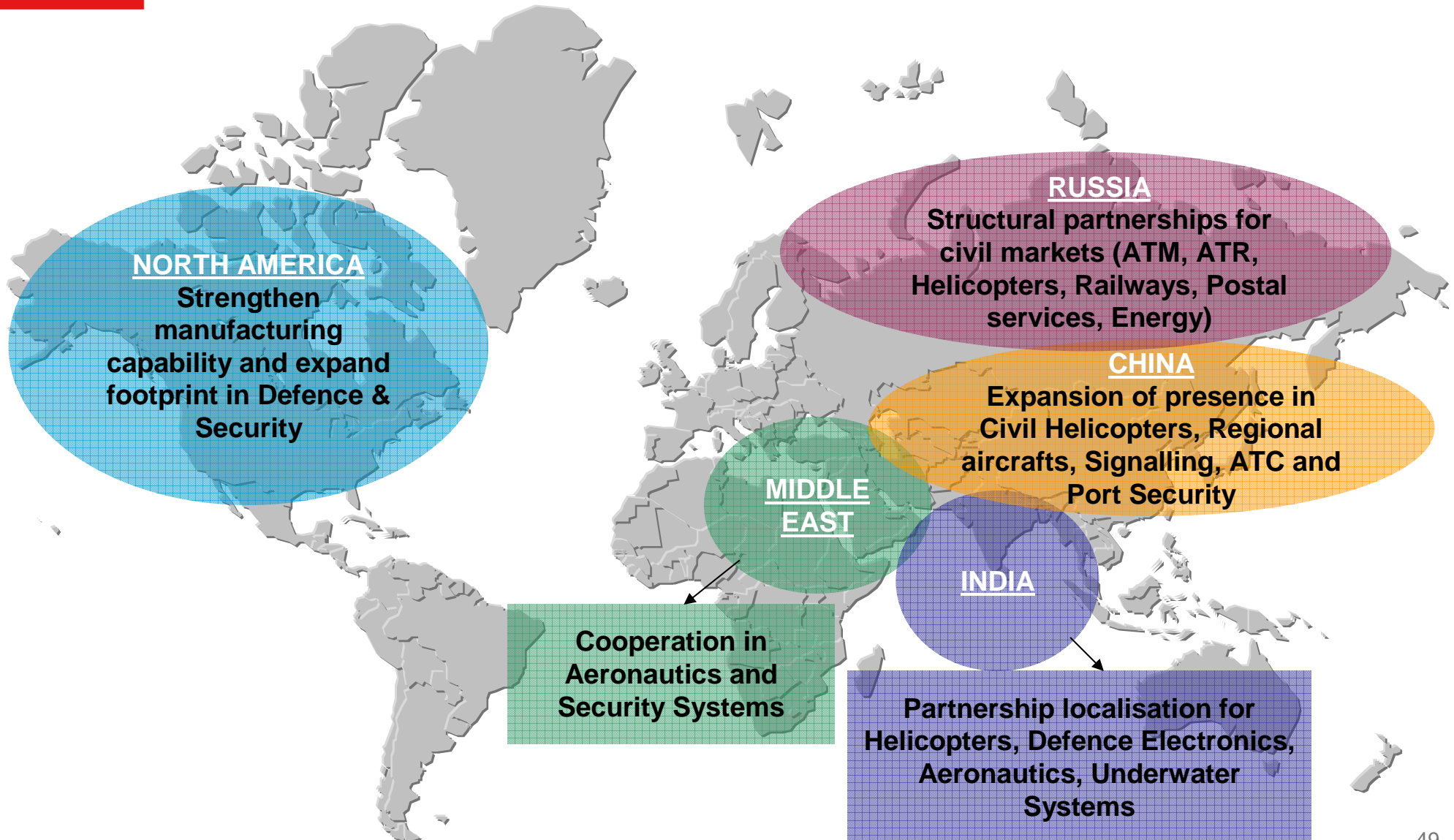
Energy

- Strategies as Original Equipment Manufacturer (OEM) and Original Service Provider (OSP) confirmed by continuously growing business performance (Orders:+72% in 2007, mainly driven by gas turbines)
- Focus on further strengthening OEM & OSP roles, with some targeted investments in Renewables

Transport

- Return to profitability of **Rolling Stock** on track, aiming at playing a key role as preferred supplier for the new Italian High Speed train fleet. Industrial and commercial partnership under discussion with large international player
- Obtain benefits (in terms of market and volumes) from integration of **Signalling** and **Systems** businesses to improve competitiveness

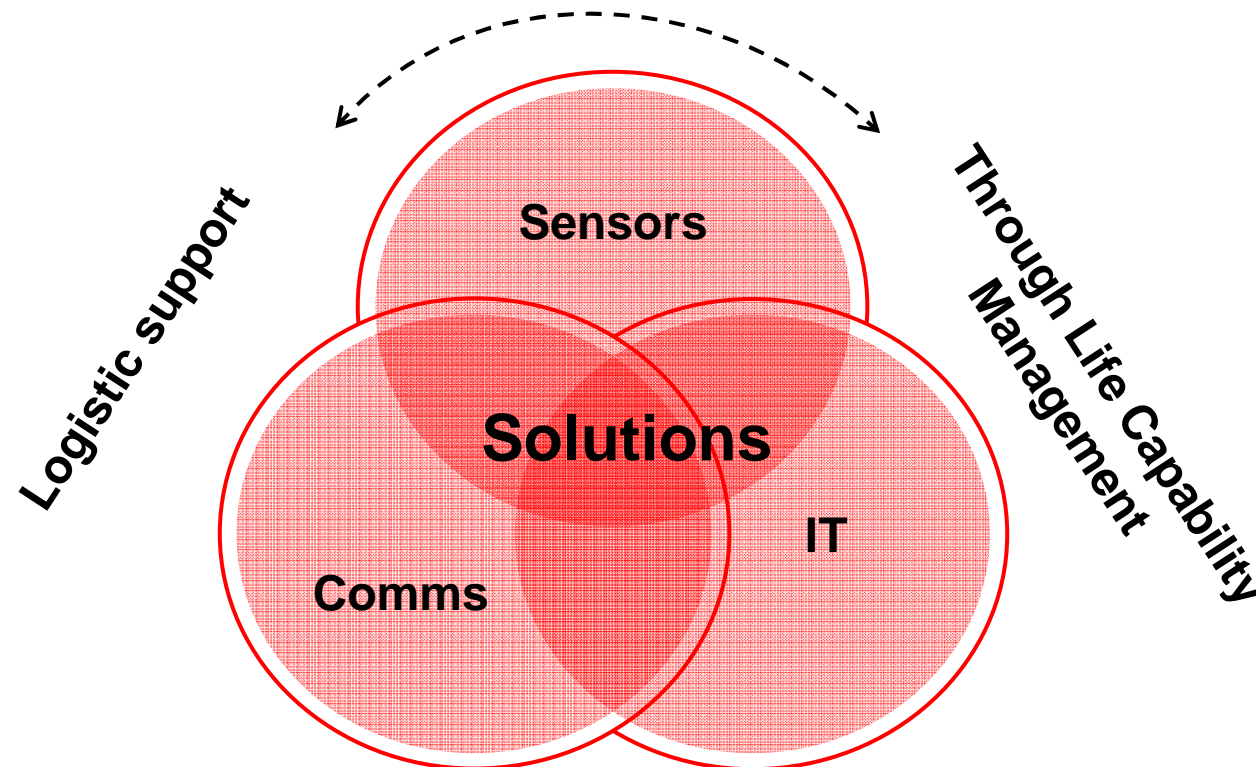
... as assets to capture value in growing civil businesses



- Long term commercial and industrial commitment
 - Partnerships with domestic industries
 - Local investments aimed at exploiting domestic skills based on contribution of our know how and technologies
- Some current manufacturing initiatives in USA:
- AW139 – Philadelphia, to increase manufacturing capacity for Helicopters
 - Boeing 787 – Charleston, for final assembly of 787 fuselage
- Initiatives to come:
- USA: new plant for C-27J final assy
 - Turkey: A129Atak for military programmes
 - India: Underwater, Helicopters
 - Saudi Arabia: logistic support for Eurofighter

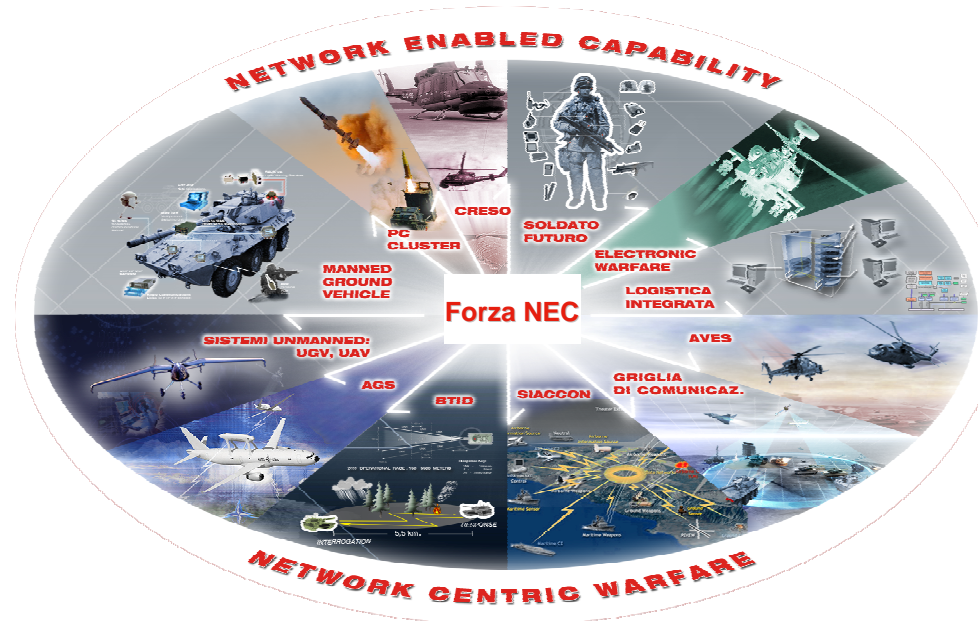
Enlarging international footprint, leveraging US cost base, exploiting global sourcing

Innovation continuing at pace for Platforms and Electronics, complemented by focussed investments enabling Modular, Scalable, Open and Service Oriented Architectures (SOA) for Integrated Systems



Satisfying customers' needs by providing end-to-end solutions for Defence & Security

- Operational scenarios are continuously evolving and requiring digitalised and interoperable systems, with high level of deployability, mobility and survivability, securing information dominance and enhanced situation awareness



- Forza NEC is the proposed solution to the battlespace needs of the Italian Armed Forces
- Italian 2008 Defence Budget has allocated funds for programme start up
- Overall project amounting > €15bn
- Proposed solution includes vertical/horizontal integration of products & capabilities from the Group, under Selex SI lead

First step of restructuring programmes successfully completed for:

- Space Manufacturing and Services (Telespazio)
 - €4.5mn benefits achieved in 2007, €8-10mn annual benefits expected once completed
- Security and Automation (ElsagDatamat):
 - Elsag & Datamat merger fully operational
 - Integration targets: €10mn achieved in 2007, €20mn annual benefits expected once completed
- Military Communications (Selex Comms):
 - €30mn of restructuring costs (lay offs) in 2007; €18mn annual benefits expected once completed

Programmes underway:

- Aircraft Modification and Maintenance (Alenia Aeronavali) to be completed by 2009
 - Complete redefinition of the industrial mission
 - Optimisation of workloads throughout the Group
- Transport Rolling Stock (Ansaldo Breda) to be completed in 2008
 - Reorganisation plan completed
 - Industrial plan revised
 - Key technical issues solved

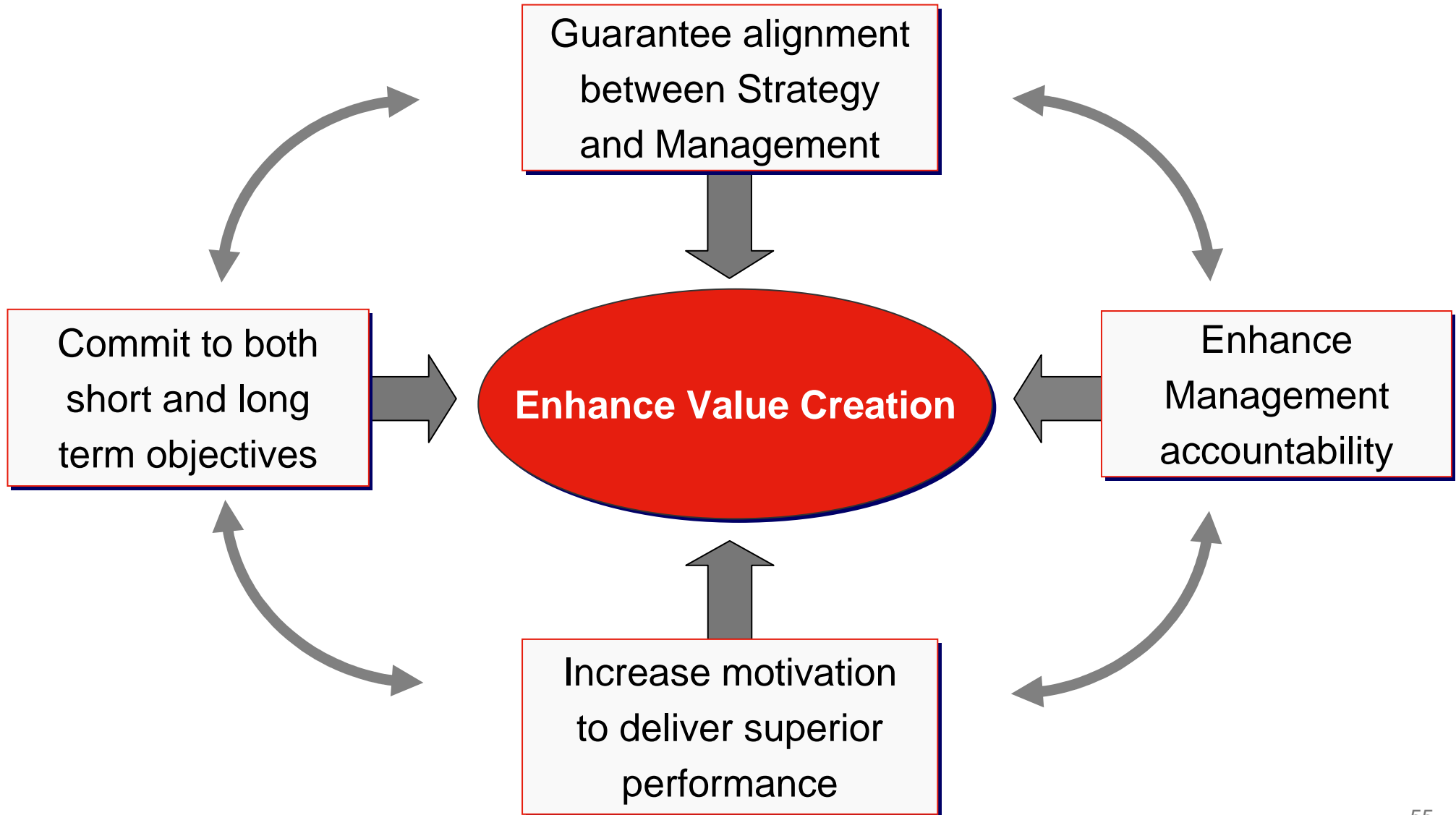
- Implementation of additional efficiency measures approved in order to strengthen the Industrial Plan, including contingencies to mitigate external risks beyond our control

- Companies must reach specific targets for :

- Production cost reduction:
 - Global sourcing on € 700m purchase of materials and components:
 - expected 10% savings 36 months after start up, with 2010 €60m target
- Industrial sites optimisation
 - €60m target savings by 2010
- G&A costs
 - from 5.9% of Revenues in 2007 to 5.1% in 2010
- Investments and R&D costs

Enhance Direct Cost Efficiency

Enhance Indirect Cost Efficiency



- **Strengthen positioning in Defence Electronics**
- **Become a leading player for Defence and Security solutions**

Internationalisation

- **Expand our role as Space service provider**
- **Grow as a distinctive player in Energy & consolidate positioning in Transport**



- **Confirm leading worldwide positioning in Helicopters**
- **Grow as global player in Aeronautics**

Innovation

- **Technological excellence in Aerostructures**
- **Modular and interoperable architecture design capability**

Value Creation

2007: A year of key achievements

2008 - 2010: Building a stronger future

- Growing organically and through acquisitions
- Leveraging high exposure to large defence programmes and international markets
- Resolving residual criticalities and implementing our new industrial plan



**On track to achieve
2010 targets**

Appendix

FY 2007 Results – Profit & Loss



CONSOLIDATED PROFIT AND LOSS ACCOUNT				
	€mil.	FY 2007	FY 2006	Change %
Revenues		13,429	12,472	8%
Costs for purchases and personnel		(12,098)	(11,091)**	
Depreciation and amortisation		(478)	(458)	
Writedowns		(93)	(23)	
Other net operating revenues (costs)		220	66	
Change in inventories of work in progress, semi-finished and finished goods		65	(24)	
EBITA Adj*		1,045	942	11%
	<i>EBITA Adj* margin</i>	7.8%	7.6%	
Non-recurring revenues (costs)		123	0	
Restructuring costs		(58)	(10)	
PPA amortisation		(26)	(24)	
EBIT		1,084	908	19%
	<i>EBIT margin</i>	8.1%	7.3%	
Net finance income (costs)		(237)	365**	
Income taxes		(326)	(243)	
Net profit before discontinued operations		521	1,030	-49%
Profit of discontinued operations		0	(9)	
Net profit		521	1,021	-49%
	<i>Group</i>	484	988	
	<i>Minorities</i>	37	32	
EPS (EUR)				
	<i>Basic</i>	1.14	2.33	
	<i>Diluted</i>	1.138	2.32	
EPS of continuing operations (EUR)				
	<i>Basic</i>	1.14	2.35	
	<i>Diluted</i>	1.138	2.34	

Balance Sheet



BALANCE SHEET		
€mil.	31 Dec. 2007	31 Dec. 2006
Non-current assets	9,845	9,919
Non-current liabilities	(2,562)	(3,334)
	7,283	6,585
Inventories	3,383	3,095
Contract work in progress	3,227	2,823
Trade receivables	4,319	3,856
Trade payables	(4,004)	(3,561)
Advances from customers	(6,477)	(5,529)
Provisions for short-term risks and charges	(545)	(571)
Other current net assets (liabilities)	(596)	(547)
Net working capital	(693)	(434)
Net invested capital	6,590	6,151
Capital and reserves attributable to equity holders of the Company	5,329	5,239
Minority interests	103	81
Shareholders' equity	5,432	5,320
Net debt (cash)	1,158	858
Net liabilities (assets) held for sale	-	(27)

CASH FLOW			
	€mil.	2007	2006
Cash and cash equivalents at 1 January		2,003	1,061
Gross cash flow from operating activities		1,711	1,600
Changes in other operating assets and liabilities		(630)	(629)
Funds From Operations (FFO)		1,081	971
Changes in working capital		318	347
Cash flow generated from (used in) operating activities		1,399	1,318
Cash flow from ordinary investing activities		(1,024)	(812)
Free operating cash flow		375	506
Strategic operations		(441)	580
Change in other financing activities		2	(30)
Cash flow generated (used) by investment activities		(1,463)	(262)
Dividends paid		(151)	(214)
Cash flow from financing activities		(169)	102
Cash flow generated (used) by financing activities		(320)	(112)
Exchange gains/losses		(12)	(2)
Cash and cash equivalents at 31 December		1,607	2,003

Divisions



2007 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	2,980	3,826	2,306	853	1,130	1,049	1,356	345	(416)	13,429
EBITA*	377	427	240	61	125	93	(110)	(168)		1,045
EBITA* margin (%)	12.7%	11.2%	10.4%	7.2%	11.1%	8.9%	n.s.	n.s.		7.8%
Depreciation and amortisation	103	157	135	23	31	15	25	14		503
Investment in non-current assets	127	206	523	53	48	20	25	26		1,028
Research and development costs	322	557	581	62	241	20	47	6		1,836
New orders	3,970	5,240	3,104	979	981	1,801	1,786	557	(502)	17,916
Order backlog	9,004	8,725	8,248	1,423	4,099	3,177	5,108	597	(1,077)	39,304
Headcount	9,556	19,589	13,301	3,386	4,149	2,980	6,669	1,118		60,748
2006 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	2,727	3,747	1,908	764	1,127	978	1,368	229	(376)	12,472
EBITA*	296	338	209	42	107	65	17	(132)		942
EBITA* margin (%)	10.9%	9.0%	11.0%	5.5%	9.5%	6.6%	1.2%	n.s.		7.6%
Depreciation and amortisation	131	117	136	25	29	13	20	11		482
Investment in non-current assets	89	150	554	16	51	15	22	17		914
Research and development costs	356	541	486	64	279	17	40			1,783
New orders	4,088	4,197	2,634	851	1,111	1,050	2,127	99	(432)	15,725
Order backlog	8,572	7,676	7,538	1,264	4,252	2,468	4,703	346	(1,009)	35,810
Headcount	8,899	19,185	12,135	3,221	4,275	2,856	6,677	811		58,059

*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.

Investor Relations Finmeccanica

✉ investor_relations@finmeccanica.com

Website: <http://www.finmeccanica.com>

John D. Stewart

VP Investor Relations

☎ +39 06 32473.290

✉ john.stewart@finmeccanica.com

Raffaella Luglini

Investor Relations Officer

☎ +39 06 32473.066

✉ raffaella.luglini@finmeccanica.com

Stefania Gianfalla

Customer Support Buy & Sell Side

☎ +39 06 32473.318

✉ stefania.gianfalla@finmeccanica.com

Emilia Iannicelli

Events & On line IR

☎ +39 06 32473.520

✉ emilia.iannicelli@finmeccanica.com