



2Q/1H 2013 Results Presentation

Alessandro Pansa
Gian Piero Cutillo

Chief Executive Officer
Chief Financial Officer

1 August 2013



AGENDA

INTRODUCTION (Alessandro Pansa - CEO)

2Q/1H 2013 RESULTS & 2013 OUTLOOK (Gian Piero Cutillo - CFO)

STRATEGIC UPDATE (Alessandro Pansa - CEO)

APPENDIX

PROGRESSING IN OUR PATH TO BUILD A SUSTAINABLE FINMECCANICA

- ✦ H1 results broadly in line with internal plan
- ✦ Second half important, but on track for full year
- ✦ Continued commitment to three key priorities
 - ✦ Governance
 - ✦ Restructuring
 - ✦ Portfolio rationalisation

2Q/1H 2013 RESULTS & 2013 OUTLOOK

(Gian Piero Cutillo - CFO)

1H 2013 OVERVIEW

- ⇒ Group Revenues & Profitability in line/ahead of plan
- ⇒ Solid underlying performance in core Aerospace and Defence businesses
- ⇒ Continued benefits from established restructuring programmes
- ⇒ On track for full year expectations

GROUP PERFORMANCE (1/2)

€ Mln	A&D			E&T			Eliminations		Finmeccanica Group	
	1H2013	1H2012	% Change	1H2013	1H2012	% Change	1H2013	1H2012	1H2013	1H2012
Orders	5,577	6,302	-11.5%	659	1,414	-53.4%	-9	-38	6,227	7,678
Backlog	32,546	34,219*	-4.9%	10,169	10,815*	-6.0%	-126	-126	42,589	44,908*
Revenues	6,762	6,721	0.6%	1,232	1,326	-7.1%	-43	-20	7,951	8,027
EBITA	460	436	5.5%	7	23	-69.6%	-	-	467	459
ROS %	6.8%	6.5%	0.3pp	0.6%	1.7%	-1.1pp	n.a.	n.a.	5.9%	5.7%
Headcount	57,729	58,541*	-1.4%	9,053	8,867*	2.1%	-	-	66,782	67,408*

A&D: Aerospace & Defence
E&T: Energy & Transportation

* at 31 December 2012

GROUP PERFORMANCE (2/2)

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	% Change	2013	2012	% Change	2012
New Orders	3,203	4,200	-24%	6,227	7,678	-18.9%	16,703
Backlog				42,589	46,060	-8%	44,908
Revenues	4,248	4,325	-1.8%	7,951	8,027	-0.9%	17,218
EBITA	286	285	-0.4%	467	459	1.7%	1,080
ROS %	6.7%	6.6%	-0.1pp	5.9%	5.7%	0.2pp	6.3%
EBIT	131	232	-0.44%	279	375	-25.6%	-457
Net Income after minorities (*)	-80	33		-79	50		-834
EPS (€ cents) (*)	-0.138	0.061		-0.137	0.085		-1.443
FOCF	40	-70		-1,395	-1,208	-15%	89
Net financial debt				4,929	4,656	6%	3,373
Headcount				66,782	68,813	-3%	67,408

(*) comparative data restated to include the effect of the adoption of IAS 19 revised

ON TRACK TO ACHIEVE FY2013 ORDER GUIDANCE

H1 orders vs internal budget plan

- ⇒ Ahead: Core Aerospace & Defence
- ⇒ Behind: Energy & Transportation, largely made up

Strong momentum

- ⇒ Aeronautics: 83 ATR orders + 90 options worth >\$4.1bn
- ⇒ Helicopters: announced contracts for > 20 helicopters worth €330mln (mainly AW139, AW169, AW189)
- ⇒ Signaling: Ansaldo STS announced \$680mln contract for the longest line of the new metropolitan system in Riyadh. Includes also an option for ca. \$249 mln for 10 years maintenance
- ⇒ Energy: important orders in the pipeline

HELICOPTERS

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
Orders	528	955	-45%	1,434	1,780	-19%	4,013
Revenues	1,091	1,054	4%	2,045	1,912	7%	4,243
EBITA	171	131	31%	286	219	31%	473
ROS %	15.7%	12.4%	3.3pp	14.0%	11.5%	2.5pp	11.1%

- ✦ **Order decrease** mainly due to phasing. In 2Q key orders include 6 AW119 for air medical transportation.
 - ✦ Good momentum – announced new contracts at Le Bourget for > 20 helicopters worth ca.€330mln (mainly AW139, AW169, AW189)
- ✦ **Revenues up 7% in 1H (+ 4% in 2Q)** mainly due to AW139. 120 helicopters delivered in 1H2013 (vs 77 in 1H2012), outlook remains better YoY
- ✦ **EBITA strong increase (+31% in 1H)** mainly due to increased production rates and to benefits from efficiency-improvement actions, as well as – in 2Q - to the final closing of US Presidential Helicopter programme.
- ✦ **Underlying profitability** (excluding the final closing of US Presidential Helicopter programme) steadily at double digit and in line with last year

AERONAUTICS

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
Orders	773	684	13%	1,692	1,556	9%	3,169
Revenues	790	733	8%	1,461	1,318	11%	2,974
EBITA	40	36	11%	61	49	25%	104
ROS %	5.1%	4.9%	0.2pp	4.2%	3.7%	0.5pp	3.5%

- ⇒ **Orders up 13%** in 2Q driven by civil orders (173 ATR orders and options worth \$4.1bn announced at Le Bourget. 45 a/c were booked in Q2).
- ⇒ **Revenues up 8%** in 2Q driven by civil (B787 and aerostructures)
- ⇒ **EBITA improving** due to renegotiation of some contracts and improved efficiency as a result of the restructuring and reorganisation process underway

EUROPEAN DEFENCE ELECTRONICS AND SECURITY - Selex ES (2012 PRO-FORMA)

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
Orders	704	746	-6%	1,180	1,405	-16%	3,206
Revenues	826	906	-9%	1,546	1,671	-8%	3,590
EBITA	20	53	-62%	26	81	-68%	156
ROS %	2.4%	5.8%	-3.4pp	1.7%	4.8%	-3.1pp	4.3%

- Decline in orders and revenues in line with expectations**
 - Reflecting lower volumes flagged at FY results

- Profitability** heavily impacted by lower revenues and worse industrial margin in some specific areas (mainly ATC)
 - recovery of an adequate profitability expected late 2013/beginning 2014

- New SES restructuring and integration plan** is progressing well; all major milestones hit

US DEFENCE ELECTRONICS AND SECURITY – DRS

\$ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
Orders	500	668	-25%	865	1,216	-29%	2,477
Revenues	538	683	-21%	1,073	1,354	-21%	2,769
EBITA	35	45	-22%	62	81	-24%	293
ROS %	6.4%	6.6%	-0.2pp	5.8%	6.0%	-0.2pp	10.6%

- ✦ **Order intake affected by the uncertainties in US defense environment** (ie. continuing resolution, sequestration, Afghanistan drawdown) in line with expectations
- ✦ **Revenue decrease in line with expectations** due to lower acquisitions and wind down of activities on important programmes for US Army
- ✦ **Profitability supported by ongoing restructuring initiatives**

SPACE

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
	Orders	160	131	22%	286	241	19%
Revenues	274	244	12%	484	462	5%	1,053
EBITA	27	19	42%	36	30	20%	84
ROS %	9.9%	7.8%	2.1pp	7.4%	6.5%	0.9pp	8.0%

- Order increase (+22% in 2Q) thanks to *ExoMars* contract
- Revenue increase (+12% in 2Q) driven by commercial and military telecommunications, Earth Observation, Navigation and Satellite systems
- Profitability up 42% in 2Q mainly due to higher profitability both in Manufacturing and Services

DEFENCE SYSTEMS

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
	Orders	305	208	47%	508	522	-3%
Revenues	314	314	-	593	564	5%	1,256
EBITA	35	39	-10%	61	54	13%	164
ROS %	11.1%	12.4%	-1.3pp	10.3%	9.6%	0.7pp	13.1%

- 2Q/2Q order increase mainly due to Missiles (i.e Middle East and Germany)
- Revenues in line with 2Q 2012
- Slight decrease in profitability 2Q/2Q due to Land & Naval Systems

ENERGY (55% Stake)

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
Orders	162	362	-55%	190	445	-57%	834
Revenues	162	167	-3%	284	306	-7%	715
EBITA	14	9	56%	22	20	10%	65
ROS %	8.6%	5.4%	3.2pp	7.7%	6.5%	1.2pp	9.1%

- ✦ **Orders** lower due to phasing of Plants&Components and Service contracts that we expect to recover in 2H.
- ✦ **Revenues down 3% in 2Q:** lower activities in Renewables, partially offset by higher activities in Service
- ✦ **Increase in profitability** mainly due to higher industrial margin and lower SG&A

ANSALDO STS

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
Orders	270	551	-51%	390	796	-51%	1,492
Revenues	330	309	7%	583	568	3%	1,248
EBIT	32	29	10%	53	51	4%	117
EBIT/Revenues %	9.7%	9.4%	0.3pp	9%	8.9%	0.1pp	9.4%

ANSALDOBREDA

€ Mln	2Q ACTUAL			1H ACTUAL			FY ACTUAL
	2013	2012	%ch. YoY	2013	2012	%ch. YoY	2012
Orders	31	117	-74%	43	136	-68%	782
Revenues	120	182	-34%	264	359	-26%	456
EBITA	-44	-25	-76%	-68	-35	-94%	-160
ROS %	-36.7%	-13.7%	-23pp	-25.8%	-9.7%	-16pp	-35.1%

- ⚡ **Orders** decline due to postponements of some expected orders mainly from Italian customers
- ⚡ **Revenues** impacted by order postponement and delivery delays
- ⚡ **Profitability** affected by inefficiencies and slowdown in production, unabsorbed overhead, contractual charges, and additional costs overrun

2013 GROUP GUIDANCE

	FY2012A	FY2013E
<i>€ mln</i>		
Orders	16,703	ca. 17,000
Revenues	17,218	Ca. 16,700-17,000
EBITA	1,080	ca. 1,100
FOCF	89	Ca. 100
Net Financial debt	3,373	Ca. 3,300 before disposals

SUMMARY

- ✦ In line with our budget-plan
- ✦ Solid underlying performance in our core A&D businesses, ahead of plan in all our key metrics
- ✦ Shortfall in orders in Energy & Transportation largely made up
- ✦ Real progress in industrial and business restructuring
- ✦ Group business weighted towards second half – challenges to be navigated
- ✦ On track for full year guidance

STRATEGIC UPDATE

(Alessandro Pansa - CEO)

CONTINUED COMMITMENT TO THREE KEY PRIORITIES

✦ Corporate
Governance



- ✦ Restore the company's reputation
- ✦ Behaviour that maximises value and reduces risk

✦ Industrial
Restructuring



- ✦ Deliver the right long-term portfolio
- ✦ To be more competitive with customers

✦ Asset Portfolio
Rationalisation



- ✦ Reduce debt
- ✦ Focus investments and returns in Aerospace & Defence



A stronger more sustainable Finmeccanica

GOVERNANCE - CONTINUED PROGRESS

- ✦ Board of Directors integration completed and new Chairman appointed, with attributions in Institutional and External Relations, Group's Security and Internal Audit

- ✦ Centralised Internal Audit

- ✦ External Committee to report on its review by year-end

- ✦ Re-organising the international sales and commercial activity
 - ✦ new Group directives on use of commercial advisors/sales promoters
 - ✦ A&D export strengthened by new role of Italian government post new legislation

INDUSTRIAL RESTRUCTURING

Addressing four
businesses

- ✦ Aeronautics
- ✦ DRS
- ✦ Selex ES
- ✦ Ansaldo Breda

Key objectives

- ✦ Strengthening efficiency and competitiveness
- ✦ Improving profitability

through






- ✦ Direct and indirect cost cutting
- ✦ Increasing capital efficiency
- ✦ More efficient supply chain

RESTRUCTURING ACTION PLAN - AERONAUTICS

Growing profitability by improving efficiencies

3R Plan execution ahead of targets in

- ✦ Procurement (both direct and indirect) and Engineering
- ✦ Site rationalisation
 - ✦ Phase out of Casoria completed in July 2013
- ✦ Headcount rightsizing
 - ✦ Agreements with Unions signed in Nov2010/2011 to reduce headcount for >1,800 over 2011-2014, of which >1,700 achieved so far

	<u>Progress against plan</u>
Group Consolidated	
Production	
Procurement	
Engineering	
Headcount Rightsizing	

FOCUS ON AERONAUTICS

Growing profitability by improving efficiencies

	<u>Business Winning Performance YTD</u>	<u>Program Delivery Current status</u>
Group Consolidated	●	●
Military a/c	●	●
TTA & special mission	●	●
Trainers	●	●
Aerostructures	●	●
Composits	●	●
Regional	●	●

Focus on B787

- Rump up of production (10 shipset p.m.)
- Deliveries of -9 started recently
- Reached a reciprocal satisfying relationship with customer

RESTRUCTURING ACTION PLAN - DRS

✦ Preserving profitability and well positioned in a tough environment

- ✦ Wave one of efficiency improvement completed

- ✦ Additional initiatives launched in 2013 to further reduce headcount and costs, to protect good profitability
 - ✦ Headcount (ca. 700 additional headcount reduced in 1H2013)
 - ✦ Further business consolidation: focus on core Business/competencies
 - ✦ Sites (7 additional sites shut down in 1H2013)






	<u>Progress against plan</u>
Group Consolidated	●
Corporate/G&A cost reduction	●
Groups HC rightsizing	●
Groups Facilities/Business consolidation	●

RESTRUCTURING ACTION PLAN – Selex ES

⚡ Progressing ahead of schedule

⚡ Direct/Indirect headcount rightsizing

- ⚡ Agreement with National Trade Unions signed
- ⚡ Plan involves 2,529 resources of which 1,938 in Italy
- ⚡ 810 employees put on voluntary redundancy schemes/ redundancy incentives; 800 more from January 2014; reduction of 377 headcount achieved in 1H2013 (both Italy and UK)
- ⚡ Defensive' job-security agreements introduced for the first time for 9,000 employees
- ⚡ UK Plan to cut back local workforce by ca.10%

	<u>Progress against plan</u>
Group Consolidated	
Site Rationalisation	
Headcount Rightsizing	
Procurement	
Controllable costs	

⚡ Site footprint rationalisation

- ⚡ reducing about 25 sites in Italy and UK (from 64), of which 8 already shut down

⚡ Procurement









- ⚡ Reduced costs of products using design to cost/should cost approach

**Tot. restructuring costs ca. €300mln (over 2012/2015)
Ca. €250mln annual cost efficiencies by 2016/2017**

Well on track to achieve 2013 target

FOCUS ON Selex ES

Overall performance satisfying but some technical issues still to be fixed

	<u>Business</u> <u>Winning YTD</u>	<u>Program Delivery</u> <u>Current status</u>
Group Consolidated		
Airborne & Space		
Land & Naval		
Security & Smart		

ATC and Waste Management System

- ✦ Business units broadly performing well
- ✦ Limited issues on individual programmes/areas
 - ✦ Not completely satisfied with ATC
 - ✦ Issues now well understood and being addressed

REDUCING THE COSTS OF PRODUCTS TO BE MORE COMPETITIVE

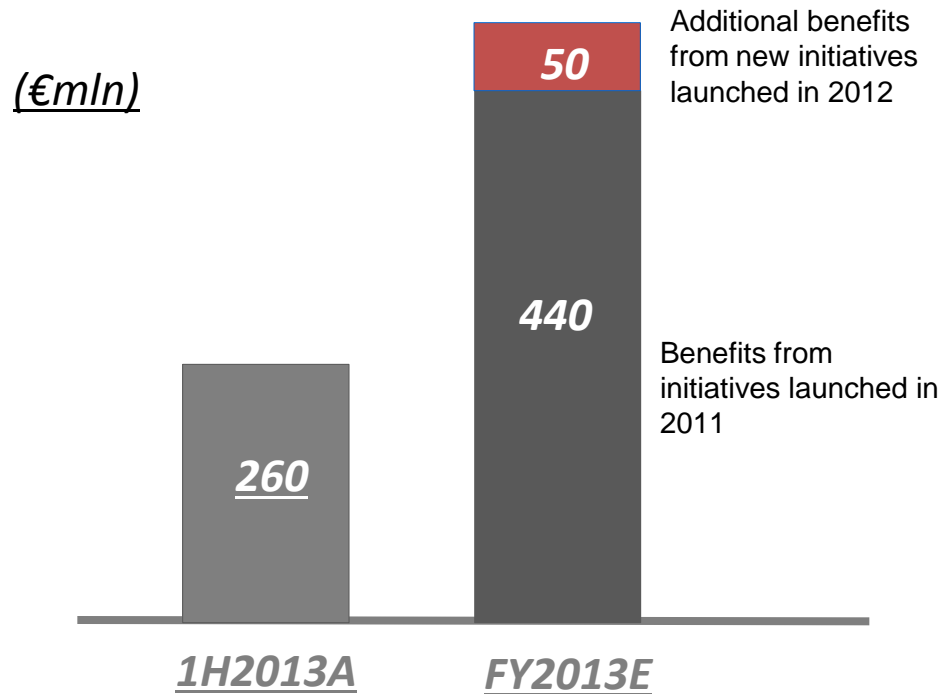
- ✦ **A modular/common approach**
- ✦ **Where we are implementing it**
 - ✦ Helicopter Family (AW139, AW169; AW189)
- ✦ **What it does for Finmeccanica?**
 - ✦ Free up capacity in technical areas/testing
 - ✦ Reduced development time for new products
 - ✦ Higher product quality (make/buy components)
 - ✦ Reduced recurring and non-recurring cost
 - ✦ Better utilization of tools/dies, equipments
- ✦ **What it does for our customers?**
 - ✦ Reduced training hours
 - ✦ Easier second type certifications
 - ✦ Enhanced flexibility in fleet planning
 - ✦ Reduced maintenance down time
 - ✦ Reduced stock of spares
 - ✦ Improved safety

RESTRUCTURING ACTION PLAN – AnsaldoBreda

	Contract s split	Hourly rate	Actions to reduce hourly rate	Programme management change	Proportion of business in 2013	Proportion of business in 2014	Proportion of business in 2015
Old entity	<ul style="list-style-type: none"> • Holland/ Belgium • IC2/IC4 • Other 	↓ To be reduced by 20%	↓ <ul style="list-style-type: none"> • Restructuring processes • Capacity optimisation 	↓ <ul style="list-style-type: none"> • Change of processes • Quality assurance 	55%	40%	10%
New entity	<ul style="list-style-type: none"> • High speed • Mass Transit • Other 	↓	↓	↓	45%	60%	90%

Towards strategic solutions

BUILDING A SUCCESSFUL TRACK RECORD IN RESTRUCTURING



- ✦ 2012 efficiency target exceeded (€280mln vs. ca. €250mln targeted)
- ✦ Increased FY2013 target by additional ca. €50mln, through new initiatives in Selex ES and DRS
- ✦ 1H2013 results in line with expectations, performance ahead of plan in A&D

ASSET PORTFOLIO RATIONALISATION

- ✦ Commitment to make Finmeccanica a more focused Aerospace & Defence Group
- ✦ Commitment to rationalise the portfolio and reduce debt
- ✦ Delivering the right outcomes is a complex process
 - ✦ constructive discussions with new Government stakeholders
 - ✦ working hard to make progress

BUILDING A STRONGER MORE SUSTAINABLE FINMECCANICA

- ✦ Solid underlying performance in our core Aerospace & Defence businesses in line with our plan
- ✦ Continued strong progress on Governance and Restructuring
- ✦ Legacy issues continue to weigh on our business, and our work on the portfolio is taking longer than we all hoped
- ✦ on track to deliver the full year

APPENDIX

RIGHT PORTFOLIO PLAN FOCUSING ON THE RIGHT MARKETS

Aerospace & Defence

Energy & Transportation

Strategic sectors



Helicopters



Aeronautics



*Defence
Electronics and
Security*

International Partnerships



*Space,
Defence Systems*



Energy, Transportation

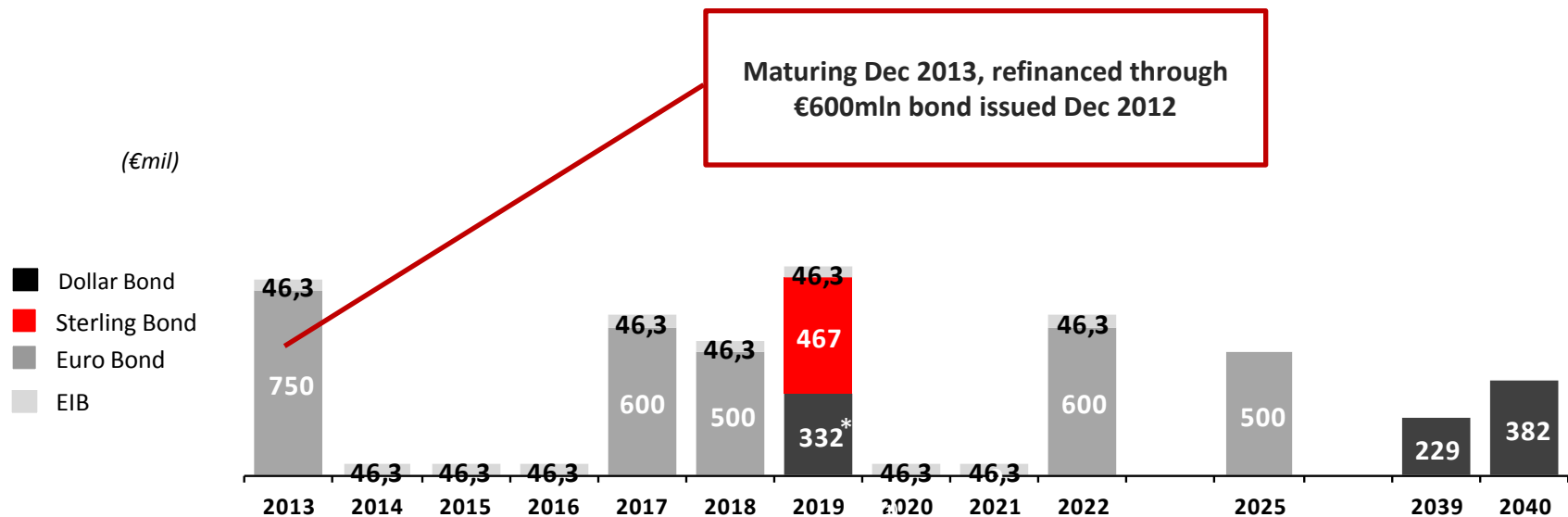
**Group
Proportion
(FY2012)**

**81% of total orders
85% of total revenues
100% of total EBITA Adj**

**19% of total orders
15% of total revenues
0% of total EBITA Adj**

ROBUST FINANCIAL POSITION (as of end of June 2013)

- ✦ No meaningful refinancing needs before end 2017
- ✦ Strong liquidity position
- ✦ Bonds have neither financial covenants nor rating pricing grids
- ✦ Revolving credit facility also has no financial covenants
- ✦ Average life ≈ 10 years
- ✦ The €2.4bn RCF will expire in September 2015



* 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.

GROUP PERFORMANCE (2/2)

	Aerospace & Defence		Energy & Transportation		Finmeccanica Group	
	% of Group 1H2013	% Change vs 1H2012	% of Group 1H2013	% Change vs H2012	% of Group 1H2013	% Change vs 1H2012
Orders	90%	-11.5%	10%	-53.4%	100%	-19%
Backlog	76%	-4.9%	24%	-6.0%*	100%	-5%*
Revenues	85%	0.6%	15%	-7.1%	100%	-1%
EBITA	99%	5.5%	1%	-69.6%	100%	2%
Headcount	86%	-1.4%*	14%	2.1%*	100%	-1%*
ROS %	6.8%	0.3pp	0.6%	-1.1pp	5.9%	4%

* at 31 December 2012

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

Investor Relations Finmeccanica

ir@finmeccanica.com

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

Raffaella Luglini

Head of Investor Relations

+39 06 32473.066

raffaella.luglini@finmeccanica.com