



Finmeccanica Investors Day

Tuesday 21st November 2006





Finmeccanica Investors Day

Giancarlo Grasso

CEO

SELEX Sensors & Airborne SpA

Main Financial Results



• (mln Euro) **FY05***

Value of Production	1,709
Total R&D %	16%
of which self-funded	3%
Order Backlog	4,040
Total headcount	7,200

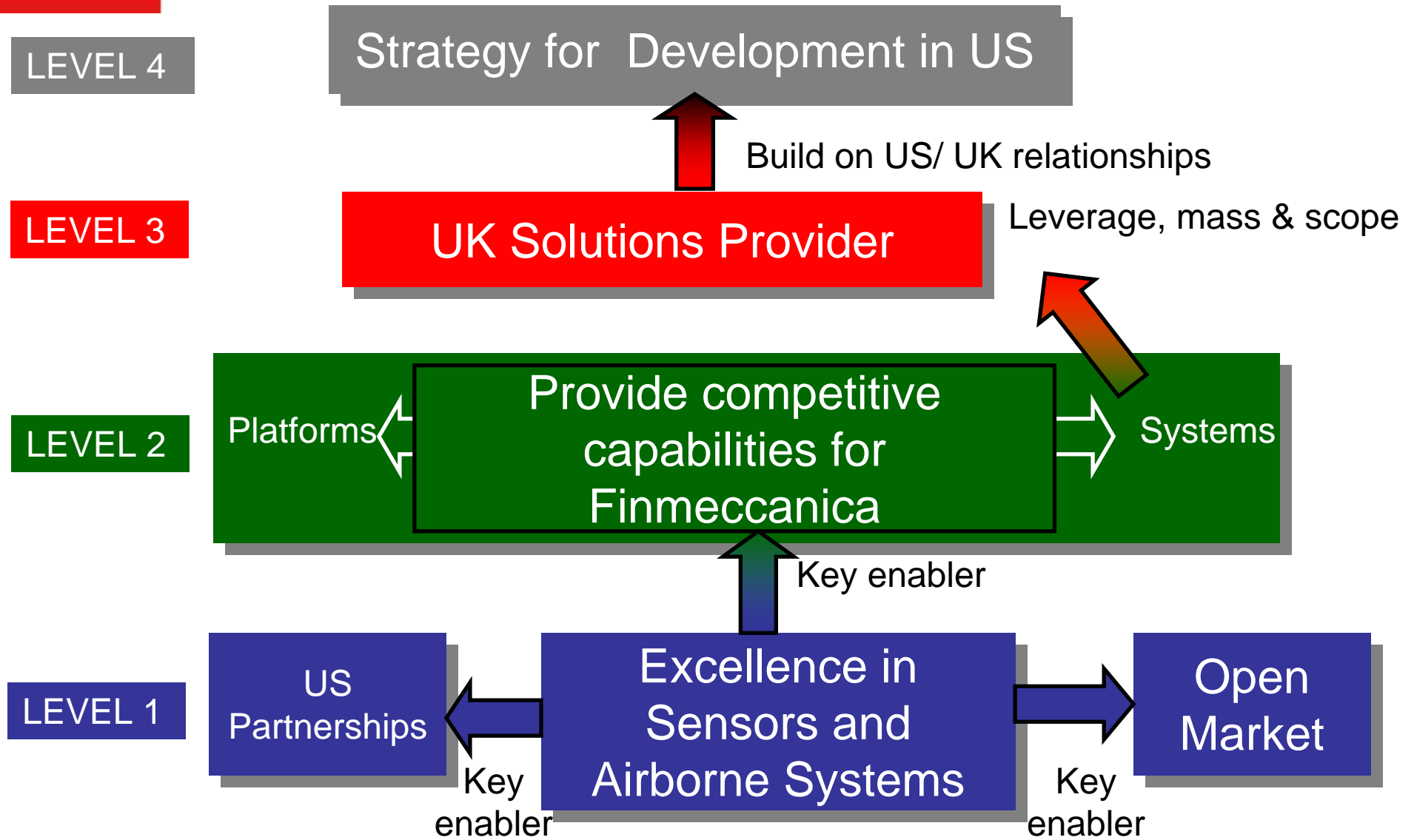
() Including pro-forma 12 months of SELEX S&AS Ltd.*

- ▶ **Total reference market (Airborne Systems, Avionics, EW, Radar, E-O, UAV etc.) amounts to 26.5 Bln€ (e.c 2005)**

- ▶ **Addressable market: 6.8 Bln€, out of which 2 Bln€ in US**

- ▶ **Average CAGR for addressable expected till 2010: 6,8% with higher rates for Airborne Radars, UAVs and Situational Awareness**

- ▶ **Major market drivers:**
 - Airborne Radars
 - Situation Awareness
 - UK focus - DIS
 - Increase in Unmanned systems
 - Shift towards Land Forces





Finmeccanica Investors Day

Nick Franks

Managing Director

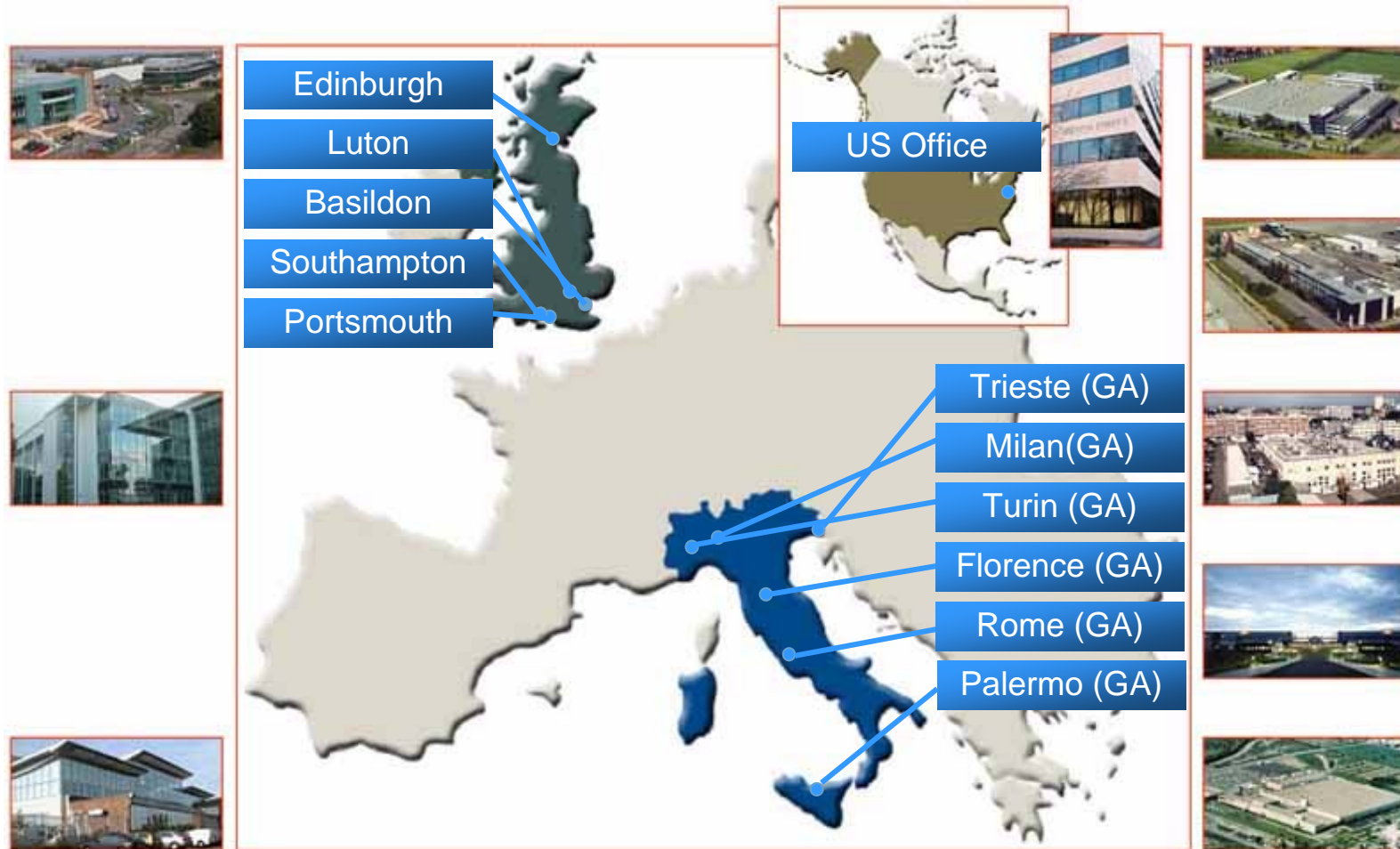
SELEX Sensors & Airborne Systems
UK



UK and Italian Footprint



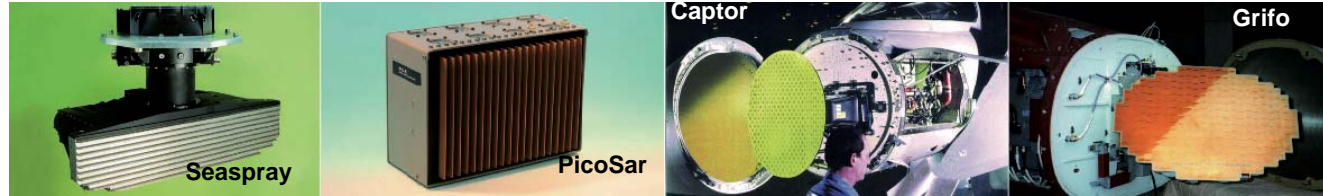
SELEX Sensors and Airborne Systems UK employs 7,200 people and has operations in Italy, UK and the United States



Products and Capabilities



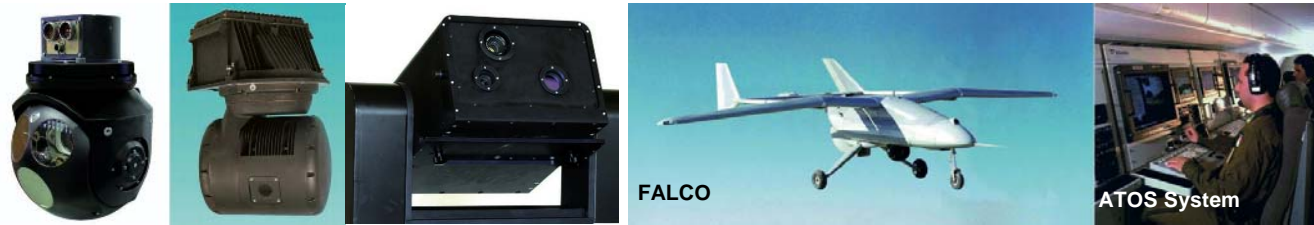
Airborne Targeting and Surveillance



E-Scan Sea spray & PicoSAR

Combat

ISTAR



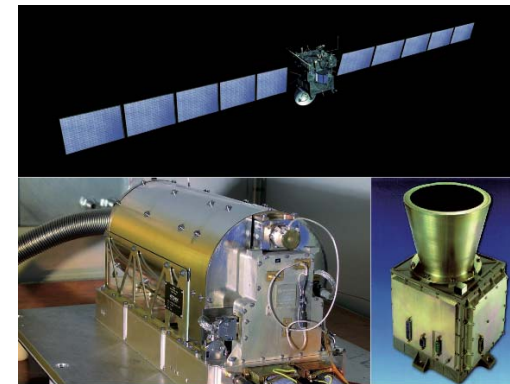
Visual IR Hyperspectral Electro-optics & Turrets Falco UAV System ATOS surveillance system

Defensive Aids



Directional IR Counter Measures & Lasers

Space



Space E/O sensors

Land

Integrated Support



PAR, HALO, LINAPS Future Soldier

Eurofighter Typhoon

- DASS
- Weapon System Computer
- Captor Radar
- Navigation Subsystem
- IRST

TORNADO

- Export Version (SAUDI)
- Support & Upgrading
- Upgarde

EH-101

- Computers
- Control Panels
- Radar
- Automatic Flight Control System

NH-90

- Radar
- COMPUTERS
- Sonics
- Navigation FLIR



Linking SELEX S&AS UK Capabilities to Future Opportunities



Opportunities	<ul style="list-style-type: none"> •Tornado & Typhoon upgrade •Light weight fire control export upgrades •Lightweight UAV sensor •Rotary and fixed wing surveillance 	<ul style="list-style-type: none"> •Sensors for future AFVs •airborne targeting •US airborne tactical laser market •Space sensors •Scientific/remote 	<ul style="list-style-type: none"> •EFA DASS •HIDAS exports •US DIRCM •TEWS •Skyshadow upgrade •Self protection upgrades 	<ul style="list-style-type: none"> •UK & IT UOR & Export TUAVs •ATOS •AGS •Situational Awareness 	<ul style="list-style-type: none"> •UK & IT Typhoon (& JSF) support •Other IT & UK fixed wing •Support to Agusta/Westland fleets
	Radar	EO	EW	Integrated Solutions	Integrated Support
Capabilities	<ul style="list-style-type: none"> •Electronically & mechanical scanned radar subsystems 	<ul style="list-style-type: none"> •High performance EO detectors •Modular AFV sensor family •Military lasers •Hyperspectral 	<ul style="list-style-type: none"> •Defensive aides system and key components •DIRCM major subsystem 	<ul style="list-style-type: none"> •TUAV solution •Integrated Surveillance solutions •Data fusion 	<ul style="list-style-type: none"> •Existing Progs •TSS Alliance in UK •DARA partnership •FNM Team for IT operational sup.



NATO AGS

- Mission Systems
- TCAR - Transatlantic Co-operative AGS Radar



JSF

- National industrial Works TBD
- E/O
- Radar
- Through Life Support & Upgrades



FUTURE LYNX

- Defensive Aids Suite
- Radar
- Through life Support & Upgrades



Falco UAV Tactical System

- Platform
- E/O
- Radar
- EW
- Operations



FRES & BIT

- E/O Turrets
- Defensive aids
- Precision Targeting
- Situational Awareness

- Introduction of SAP
- Engineering Best Practice: CMMI ...
- Site Rationalisation – Co location of SELEX Comms and SELEX S&AS UK in Basildon
- International Sales Co-ordination
- Optimised Product Portfolio and Policy
- Acceleration of efficiency plans to improve cost basis
- PV planning optimisation to enhance time-to-market of key products
- Procurement spend initiatives increasing in effectiveness
- Manufacturing Centers of Excellence
- Technology Sharing

- **UK Defence Industrial Strategy is changing the dynamics of the UK market**
- **Focus of attention / budgets on Through Life Capability Management**
- **Frequent capability enhancement via technology insertion**
- **Differentiates sovereign technology and delivers sustainment plans**
- **Impact on Finmeccanica / SELEX S&AS UK**
 - Sensors recognised as key to capability enhancement and classified as sovereign
 - Opens up opportunities for SELEX S&AS UK as solutions provider / systems integrator – expanded role
 - Clarifies SELEX S&AS UK strategic direction including future M&A targets
 - Enables SELEX S&AS UK to leverage associated Italian technologies
 - Raises SELEX S&AS UK profile and visibility with the key customer
 - Promotes linkage to other markets – security/HLS
 - Strengthens technology partnerships with US – access to US programmes
 - Reference model for key export territories, eg Middle East, Asia

- **Deliver value from Strong Order Book**
- EFA Tranche 2 delivery, export and future support/upgrade potential
- Established US positions: DIRCM; JSF EOTS; FNM Platforms
- **Exploit strong product portfolio into export market**
- US – further surveillance radar and military laser opportunities – expand footprint through M&A
- RoW – use incumbency position on platforms to deliver capability upgrades
- **Exploit land systems growth opportunity**
- Build on early product wins and UORs to deliver comprehensive sensor solution for UK & IT AFV fleet re-capitalisation
- **Enhance core product offerings to offer more integrated solutions**
- Support Solutions – building on existing Tornado, SKIOS and Mirach success
- Integrated sensor and defensive aids systems
- Network enabled and integrated airborne surveillance solutions: Falco, AGS ...
- **Proactive response to new UK environment catalysed by DIS**
- Capability insertion via technology insertion
- Strategic partnerships and M&A

- **Leading non-US supplier for:**
 - Airborne Radar and E/O Sensors
 - Self Protection
 - ISTAR and airborne Situation Awareness Systems
 - Integrated Operational Support
 - Land platform sensors
- Value-adding partner to other FNM businesses including market lead for relevant opportunities
- Tier I Partner with major platform manufacturers for capability insertion throughout life cycle
- A recognised substantive provider to the US defence electronics market (also through acquisitions)
- Increase Competitiveness on Rest of World (ROW) Markets
- Response to Urgent Operational Requirements (UORs) for UK & IT



Value Drivers

Vic Leverett

Group Strategy Director

SELEX Sensors & Airborne Systems
UK

- **Customer Facing**
 - Direct linkage to operational effect
 - Sustaining requirement
- **IPR creation and protection**
 - Own core technologies
 - Strategic supply agreements
 - Cost/availability
 - Leverage innovation
- **Export leverage**
 - Strengthen UK/US partnerships
 - Exploit UK “reference” solutions
 - Access adjacent “sensor to effect” markets

- **Air Combat**
 - Precision targeting, surveillance, airspace denial
- **Land Systems**
 - Ground manoeuvre (situation awareness, self protection, lethality)
- **Battlespace and Intelligence**
 - Networked sensors, secure communications, command and control
- **Security**
 - Air traffic management, border protection, people/vehicle tracking



Programme for the day

Doug Baxter
Managing Director & Site General
Manager, Basildon

- **Four Capability Zones (10.45am – 12.45pm)**

- Air Combat
- Land Systems
- Battlespace/Intelligence
- Border Security/Homeland Defence

Additional activities & areas of interest

- Manufacturing Hall
- Javelin Simulator

- **Sir Brian Burridge presentation – users perspective (12.45pm)**
- **Engineering Excellence display / Lunch (1.15pm)**
- **Q&A session (2.15pm)**
- **Departure (2.30pm)**

- **Vic Leverett**
Group Strategy Director - SELEX Sensors & Airborne Systems
- **Phil Robinson**
Senior VP, SELEX Comms
- **Mike Clayforth-Carr**
CEO, SELEX Sistemi Integrati
- **Doug Baxter**
MD & Site General Manager, Basildon, SELEX S&AS UK

Zone Manager

Steve Marlow, Vice President Surveillance Radar, SELEX S&AS UK

Technology

- ESCAN radar
- Vixen 500E
- Typhoon DASS Eurofighter model
- HIDAS Simulation
- Laser – JSF/DIRCM static models
- Videos: ATFLIR, Active Imaging, Stormshadow

Zone Manager & support

Gavin Williamson, EVP Land Systems, SELEX S&AS UK

Nick McLeod-Ash, Capability Integration Director, AgustaWestland

Technology

- IR Detectors
- STAWS
- Enforcer
- DNVS
- AgustaWestland Helicopters

Zone Manager

Dave Ward, VP Marketing & Business Development UK, SELEX Comms

Technology

- HALO
- Personal Role Radio
- Infantry Soldier Situational Awareness Tool
- Sentinel Soft Switch
- Sentinel VoIP Phone
- Halcyon Crypto
- Ambriel
- Videos: HALO/LINAPS

Zone Manager

Chris Wilson, MoD Account Manager, SELEX Sistemi Integrati

Technology

- MSU
- PALS
- HYDRA
- VTMS demo
- Vessel Traffic Management Service
- Network Centric Operations
- Fingerprint number plate recognition



The User's Perspective

Sir Brian Burridge

The User's Problem



- The changing battlespace
- Enhancing capability to match
- Affordability

The Changing Battlespace



- Information
- Certainty
- Speed
- Legality

Enhancing Capability to Match



- Situational awareness - lethality - self protection
- Obsolescence
- Platform maturity
- Software, systems and sensors
- Systems integration - from everywhere

- Defining the right solution
- Allow industry to control time
- Realistic view of risk
- Long term capability growth path



Finmeccanica Investors Day

Tuesday 21st November 2006

