



# Finmeccanica First Quarter 2008 Results Presentation








London, 13 May 2008



- 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.

# Q1 2008 Financial Highlights



- Revenues up 6% to € 2.9bn, driven by Aeronautics, Space and Transport 
- Ebita adj.\* up 13% to € 133mln, due to Helicopters ( +18%), Defence Electronics (+31%) and Defence Systems 
- Net income, excluding capital gain from STM share sale (€54 mln) increases by €53 mln, mainly due to higher Ebita adj. and lower financial charges 
- Net debt increases by €770 mln compared to end 2007 due to seasonal increase in working capital and investment activities 
- Debt/Equity of 37% remains within rating agency limit range
- EPS Adj. up 15 eurocents from 3 eurocents 
- Orders up 35% to € 3,292bn thanks to Defence Electronics (+71%), Space (+74%), Defence Systems (+135%) and Energy 
- Order backlog growth 10%, equivalent to 3 years of production 

\*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.

# Main Financial Results



(Eur mln)	1Q 08	1Q 07	%change	FY 07
<b>Revenues</b>	2,916	2,740	6%	13,429
<b>EBITA Adj.*</b>	133	118	13%	1,045
<b>EBITA Adj.* Margin</b>	4.6%	4.3%	0.3 p.p.	7.8%
<b>Net income</b> <i>Excluding capital gain</i>	126 72	19	n.s.	521
<b>EPS Adj. (eurocents)</b>	15	3	-	110
<b>New orders</b>	3,292	2,430	35%	17,916
<b>Working Capital</b>	124	466	n.s.	(693)
<b>Net financial debt</b>	1,928	1,970	(2%)	1,158
<b>Debt/Equity</b>	37%	39%	n.s.	16%
<b>Order Backlog</b>	38,888	35,362	n.s.	39,304

- New assembly line for the AW139 inaugurated in Philadelphia – 19 February
- Finmeccanica wins \$100 million contract to equip new Airbus A350 XWB – 25 February
- Ansaldo Energia signs two contracts with Atel worth over €500 million – 13 March
- Finmeccanica and Poste Italiane, partnership with Egypt Post for technological innovation – 25 March
- Finmeccanica and Bombardier sign cooperation agreement for the development of a new very high-speed train – 4 April

# Business Division Review

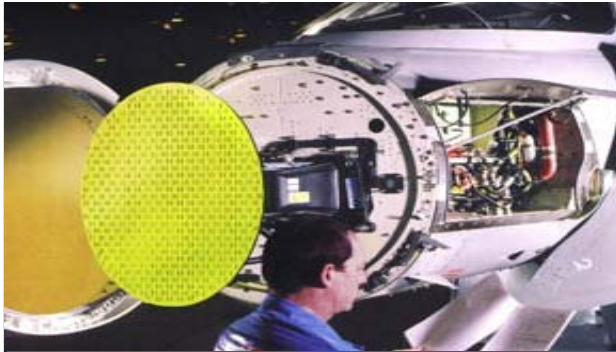
# Helicopters



- Margin growth mainly due to increase in production volumes for civil
- Order growth both in commercial and military-government: AW139 (€246mIn), AW101 (€106mIn) and NH90 (€54mIn)

(€mIn)	Q1 08	Q1 07	%change
Revenues	713	720	(1)%
EBITA Adj*	85	72	18%
Orders	795	712	12%
Backlog	8,679	9,004*	(4)%

\* Backlog at 31/12/2007



(€mln)	Q1 08	Q1 07	%change
<b>Revenues</b>	677	680	-
<b>EBITA Adj*</b>	21	16	31%
<b>Orders</b>	857	502	71%
<b>Backlog</b>	8,616	8,725*	(1)%

- Order growth (71%) driven by Information Technology and Security, and command and control systems on FREMM
- Ebita adj.\* up to 21 mln from 16 mln of Q1 07 due to UK avionic/electro optical activities and to Information Technology and Security





(€mln)	Q1 08	Q1 07	%change
<b>Revenues</b>	491	412	19%
<b>EBITA Adj*</b>	19	23	(17)%
<b>Orders</b>	526	667	(21)%
<b>Backlog</b>	8,092	8,248*	(2)%

- Revenue growth driven by ATR, B787 for civil and C27J, EFA for military
- Margin weaker mainly due to mix and to slight slippage in aircraft deliveries
- Orders mainly for C27J (7 a/c to Romania) and for logistic support activities on EFA, C130J and Tornado

\* Backlog at 31/12/2007



(€mln)	Q1 08	Q1 07	%change
Revenues	203	166	22%
EBITA Adj*	3	1	200%
Orders	211	121	74%
Backlog	1,460	1,423*	3%

- Orders up 74%, mainly due to Manufacturing
- Revenues up 22% due to higher production both in Manufacturing and Services (Sicral 1B, Cosmo, GMES programmes)
- Order backlog covers almost 88% of forecasted production for the next 3 quarters

\* Backlog at 31/12/2007

# Defence Systems



(€mln)	Q1 08	Q1 07	%change
Revenues	247	238	4%
EBITA Adj.*	18	8	125%
Orders	303	132	130%
Backlog	4,098	4,099*	-.

- Orders boosted by exports in Missiles to supply air defence systems SPADA to Pakistan; additional FREMM orders
- Margins improve due to higher profitability for Missiles

\* Backlog at 31/12/2007

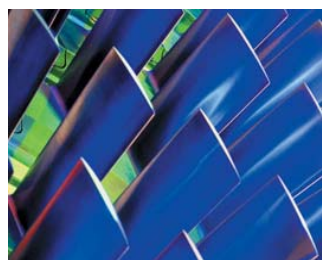


## Transport

(€mln)	Q1 08	Q1 07	%change
Revenues	365	330	11%
EBITA Adj.*	19	10	90%
Orders	214	170	26%
Backlog	4,926	5,108*	(4)%

## Transport

- Good performance for Signalling and Systems; significant improvement in Vehicles
- Ebita adj.\* up 90% mainly due to Vehicles
- Cooperation agreement with Bombardier, in Vehicles, for the development of a new very high speed train



## Energy

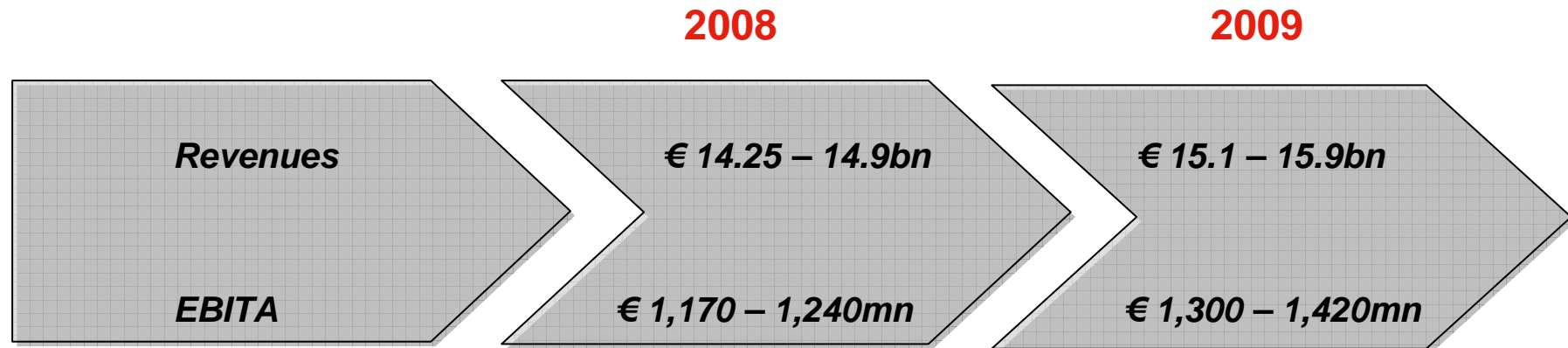
(€mln)	Q1 08	Q1 07	%change
Revenues	229	218	5%
EBITA Adj.*	14	12	17%
Orders	439	145	203%
Backlog	3,399	3,177*	7%

## Energy

- High order inflow mainly due to Plants and Components
- Ebita adj.\* up 17% due to increased production

\* Backlog at 31/12/2007

# Guidance Confirmed (without DRS impact)



- 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

# APPENDIX

# 1Q 2008 Results – Profit & Loss



<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT</b>			
€mil.	<b>1Q 2008</b>	<b>1Q 2007</b>	<b>Change %</b>
<b>Revenues</b>	<b>2.916</b>	<b>2.740</b>	<b>6%</b>
Costs for purchases and personnel	(2.670)	(2,522) (**)	
Depreciation and amortisation	(98)	(99)	
Writedowns	(4)	(4)	
Other net operating revenues (costs)	(11)	3	
<b>EBITA Adj (*)</b>	<b>133</b>	<b>118</b>	<b>13%</b>
<i>EBITA Adj (*) margin</i>	<i>4,6%</i>	<i>4,3%</i>	
Non-recurring revenues (costs)	-	-	
Restructuring costs	(4)	(3)	
PPA amortisation	(6)	<b>(6)</b>	
<b>EBIT</b>	<b>123</b>	<b>109</b>	<b>13%</b>
<i>EBIT margin</i>	<i>4,2%</i>	<i>4,0%</i>	
Net finance income (costs)	69	(27) (**)	
Income taxes	(66)	(63)	
<b>Net profit before discontinued operations</b>	<b>126</b>	<b>19</b>	<b>563%</b>
Profit of discontinued operations	-	-	
<b>Net profit</b>	<b>126</b>	<b>19</b>	<b>563%</b>
<i>Group</i>	<i>119</i>	<i>13</i>	
<i>Minorities</i>	<i>7</i>	<i>6</i>	
<b>EPS (EUR)</b>			
<i>Basic</i>	<i>0,28</i>	<i>0,03</i>	
<i>Diluted</i>	<i>0,28</i>	<i>0,03</i>	
<b>EPS of continuing operations (EUR)</b>			
<i>Basic</i>	<i>0,28</i>	<i>0,03</i>	
<i>Diluted</i>	<i>0,28</i>	<i>0,03</i>	

# Balance Sheet



<b>BALANCE SHEET</b>		
	€mil.	
	<b>31.03.2008</b>	<b>31.12.2007</b>
Non-current assets	9.493	9.845
Non-current liabilities	(2.508)	(2.562)
	<b>6.985</b>	<b>7.283</b>
Inventories	3.580	3.383
Trade receivables	7.752	7.546
Trade payables	(10.112)	(10.481)
Provisions for short-term risks and charges	(530)	(545)
Other current net assets (liabilities)	(566)	(596)
<b>Net working capital</b>	<b>124</b>	<b>(693)</b>
<b>Net invested capital</b>	<b>7.109</b>	<b>6.590</b>
Capital and reserves attributable to equity holders of the Company	5.074	5.329
Minority interests	107	103
<b>Shareholders' equity</b>	<b>5.181</b>	<b>5.432</b>
<b>Net debt (cash)</b>	<b>1.928</b>	<b>1.158</b>
<b>Net liabilities (assets) held for sale</b>	<b>-</b>	<b>-</b>



# Cash Flow



<b>CASH FLOW</b>		
€mil.	<b>1Q 2008</b>	<b>1Q 2007</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1.607</b>	<b>2.003</b>
Gross cash flow from operating activities	285	263
Changes in other operating assets and liabilities	(217)	(211)
<b>Funds From Operations (FFO)</b>	<b>68</b>	<b>52</b>
Changes in working capital	(723)	(839)
<b>Cash flow generated from (used in) operating activities</b>	<b>(655)</b>	<b>(787)</b>
Cash flow from ordinary investing activities	(273)	(320)
<b>Free operating cash flow</b>	<b>(928)</b>	<b>(1.107)</b>
Strategic operations	187	(406)
Change in other financing activities	(12)	44
<b>Cash flow generated (used) by investment activities</b>	<b>(98)</b>	<b>(682)</b>
Cash flow from financing activities	(57)	(58)
<b>Cash flow generated (used) by financing activities</b>	<b>(57)</b>	<b>(58)</b>
Exchange gains/losses	(8)	(4)
Cash and cash equivalents at 31 December	789	472

# Divisions



<b>1Q 2008 (EUR million)</b>	<b>Helicopters</b>	<b>Defence Electronics</b>	<b>Aeronautics</b>	<b>Space</b>	<b>Defence Systems</b>	<b>Energy</b>	<b>Transport</b>	<b>Other Activities and Corporate</b>	<b>Eliminations</b>	<b>Total</b>
Revenues	713	677	491	203	247	229	365	64	(73)	<b>2.916</b>
<b>EBITA*</b>	85	21	19	3	18	14	19	(46)		<b>133</b>
EBITA* margin (%)	11,9%	3,1%	3,9%	1,5%	7,3%	6,1%	5,2%	<i>n.a.</i>		4,6%
Depreciation and amortisation	24	27	28	6	7	4	5	3		<b>104</b>
Investment in non-current assets	22	48	127	8	11	12	8	2		<b>238</b>
Research and development costs	62	143	113	12	46	5	12	1		<b>394</b>
New orders	795	857	526	211	303	439	214	23	(76)	<b>3.292</b>
Order backlog	8.679	8.616	8.092	1.460	4.098	3.399	4.926	543	(925)	<b>38.888</b>
Headcount	9.954	19.513	13.539	3.400	4.117	3.081	6.731	1.061		<b>61.396</b>
<b>1Q 2007 (EUR million)</b>	<b>Helicopters</b>	<b>Defence Electronics</b>	<b>Aeronautics</b>	<b>Space</b>	<b>Defence Systems</b>	<b>Energy</b>	<b>Transport</b>	<b>Other Activities and Corporate</b>	<b>Eliminations</b>	<b>Total</b>
Revenues	720	680	412	166	238	218	330	47	(71)	<b>2.740</b>
<b>EBITA*</b>	72	16	23	1	8	12	10	(24)		<b>118</b>
EBITA* margin (%)	10,0%	2,4%	5,6%	0,6%	3,4%	5,5%	3,0%	<i>n.a.</i>		4,3%
Depreciation and amortisation	26	28	28	5	7	4	4	3		<b>105</b>
Investment in non-current assets	40	42	213	6	10	2	6	3		<b>322</b>
Research and development costs	71	127	122	11	54	3	14	0		<b>402</b>
New orders	712	502	667	121	132	145	170	10	(29)	<b>2.430</b>
Order backlog (31/12/2007)	9.004	8.725	8.248	1.423	4.099	3.177	5.108	597	(1.077)	<b>39.304</b>
Headcount (31/12/2007)	9.556	19.589	13.301	3.386	4.149	2.980	6.669	1.118		<b>60.748</b>

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