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PRESS RELEASE

Rome, 31 July 2014

Finmeccanica: the Board of Directors approves the Half-Year Financial Report at 30 June 2014.

New orders materially increasing (+ 43%). Order backlog worth EUR 37.6 billion.

FOCF of second quarter positive for Eur 28mln, in spite of cash-outflow for the enforcement of the guarantees for the Indian contract in the Helicopters

The Board of Directors of Finmeccanica, convened today under the chairmanship of Gianni De Gennaro, has examined and unanimously approved the Half-Year Financial Report at 30 June 2014.

The results of the first six months 2014 confirm a good commercial performance; considerably more orders were acquired than had been forecasted, compared to the corresponding period of the previous financial year, both in the *Aerospace* and *Defence* and *Transportation*. Financial results and cash flows were less negative than expected, in spite of the enforcement of the guarantees for the Indian contract in the Helicopters sector, which had a significant effect on the half-year (€mil. 256). The business performance was substantially in line with or better than forecast in all sectors, except for *Defence and Security Electronics*.

In June, in the framework of a broader examination of the Group's strategic positioning and operational efficiency, the Board of Directors also launched the process of transformation of Finmeccanica's organisational and operating model, with a view to transforming the companies currently operating in *Aerospace and Defence* into divisions of a new Finmeccanica. The process excludes the companies subject to strategic review (*Transportation* sector and FATA), the Joint Ventures and DRS (which operates under a Proxy system). At the end of this process, on one hand Finmeccanica will be a division-based operating company and on the other hand it will retain its function as Parent Company and corporate centre for the companies not included in the divisional perimeter.

Main figures of the first six months of 2014

The results for the first half are only representative of the performance of the entire financial year to a limited extent, in consideration of the fact that more than half of the Finmeccanica's business is concentrated in the second half-year.

Furthermore, starting from 1 January 2014, the new accounting standards on consolidation have been applied, leading to the deconsolidation of the Joint Ventures in which the Group participates (mainly ATR in Aeronautics, MBDA in Defence Systems and the Joint Ventures in the Space segment). The Group indicators have been, therefore, restated.

- **New orders**: amounted to **EUR 7,184 million**, +42.5% compared to the first six months of 2013.
- **Order backlog:** amounting to **EUR 37,653 million**, +2.2% compared to 31 December 2013. The order backlog ensures over two and a half years of equivalent production for the Group.
- **Revenues:** amounted to **EUR 6,557 million**, -1.1% compared to the first six months of 2013.
- **EBITA: positive EUR 351 million**, compared to positive EUR 426 million of the first six months of 2013.
- **EBIT: positive EUR 220 million**, compared to positive EUR 241 million of the first six months of 2013.
- **Net result before extraordinary transactions**: **negative EUR 39 million**, compared to negative EUR 70 million of the first six months of 2013.

- **Net result**: **negative EUR 39 million**, improving compared to negative EUR 62 million of the first six months of 2013 thanks to lower financial expenses and taxes.

- **Free Operating Cash Flow (FOCF): negative EUR 1,157 million**. It reflects the normal seasonal fluctuation in Group cash flows and, in spite of the enforcement of the guarantees for the Indian contract in the Helicopters sector, is improving by EUR 39 million compared to negative EUR 1,196 million of the first six months of 2013.
- **Net financial debt:** amounted to **EUR 4,840 million** improving by EUR 401 million compared to EUR 5,241 million at 30 June 2013.

Group *(million of Euros)*	**1H 2014**	**1H 2013 (*)**	**Absolute change**	**% change**	**Full Year 2013 (*)**
New orders	7,184	5,040	2,144	42.5%	15,059
Order backlog	37,653	34,805	2,848	8.2%	36,831
Revenues	6,557	6,630	(73)	(1.1%)	13,690
EBITA (**)	351	426	(75)	(17.6%)	878
ROS	5.4%	6.4%		(1.0) p.p.	6.4%
EBIT (***)	220	241	(21)	(8.7%)	(14)
Net result before extraordinary transactions	(39)	(70)	31	44.3%	(649)
Net result	(39)	(62)	23	37.1%	74
FOCF	(1,157)	(1,196)	39	3.3%	(220)
Group Net Debt	4,840	5,241	(401)	(7.7%)	3,902
Workforce (no.)	55,690	57,529	(1,839)	(3.2%)	56,282

(*)Figures restated as a result of the adoption of IFRS 11.

(**)EBITA is obtained by eliminating from EBIT the following items: any impairment in goodwill; amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3; restructuring costs that are a part of defined and significant plans; other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

(***) EBIT is obtained by adding to earnings before financial income and expense and taxes the Group's share of profit in the results of its strategic Joint Ventures (ATR, MBDA, Thales Alenia Space and Telespazio.

1H 2014 *(million of Euros)*	**Aerospace and Defence**	**Transportation**	***Eliminations***	**Total Continuing Operation**
New orders	5,755	1,447	*(18)*	**7,184**
Order backlog	28,927	8,925	*(199)*	**37,653**
Revenues	5,609	1,000	*(52)*	**6,557**
EBITA	325	26	-	**351**
ROS %	*5.8%*	*2.6%*	*n.a.*	***5.4%***

1H 2013 (*) *(million of Euros)*	**Aerospace and Defence**	**Transportation**	***Eliminations***	**Total Continuing Operation**
New orders	4,580	467	*(7)*	**5,040**
Order backlog (at 31.12.2013)	28,565	8,494	*(228)*	**36,831**
Revenues	5,739	937	*(46)*	**6,630**
EBITA	442	(16)	-	**426**
ROS %	*7.7%*	*(1.7%)*	*n.a.*	***6.4%***

Changes %	Aerospace and Defence	Transportation	*Eliminations*	Total Continuing Operation
New orders	25.7%	n.a.	*n.a.*	**42.5%**
Order backlog	1.3%	5.1%	*n.a.*	**2.2%**
Revenues	(2.3%)	6.7%	*n.a.*	**(1.1%)**
EBITA	(26.5%)	n.a.	*n.a.*	**(17.6%)**
ROS	(1.9) p.p.	4.3 p.p.	*n.a.*	**(1.0) p.p.**

(*) Figures restated as a result of the adoption of IFRS 11.

Main figures of the second quarter of 2014

- **New orders**: amounted to **EUR 4,288 million**, +76.7% compared to the second quarter of 2013.
- **Revenues:** amounted to **EUR 3,611 million**, +2.3% compared to the second quarter of 2013.
- **EBITA: positive EUR 198 million**, compared to positive EUR 265 million of the second quarter of 2013.
- **EBIT: positive EUR 109 million**, compared to positive EUR 111 million of the second quarter of 2013.
- **Net result before extraordinary transactions**: **negative EUR 27 million**, compared to negative EUR 72 million of the second quarter of 2013.
- **Net result**: **negative EUR 27 million**, compared to negative EUR 68 million of the second quarter of 2013.
- **Free Operating Cash Flow (FOCF): positive EUR 28 million**, compared to positive EUR 106 million of the second quarter of 2013.

Outlook

After a good operational performance in the six months ended 30 June 2014 the Group **confirms the full year guidance** presented at the full year 2013 results in March. With respect to financial results, it is worth reminding that they did not include any negative impact deriving from the Indian Helicopter contract, as already highlighted in the above mentioned guidance. In May, following the unfavourable ruling issued by the Milan Court, the customer called the bank guarantees provided under the contract. This cash outflow, together with the smaller payment occurred at the end of March, impacted for a total of €mil. 256 the cash-flows of the first semester, not included in the guidance previously communicated. As a result, while confident on the positive outcome in the medium term of the actions taken to assert its rights under the aforementioned contract, for the full year 2014 the Group now expects to deliver negative free operating cash-flow of €mil. 250 to €mil. 350.

Analysis of the main figures of the first six months of 2014

New orders in *Aerospace and Defence* were higher than the corresponding period of the prior year and than expectations, mainly thanks to the very positive performance of the *Helicopters* (up €mil. 1,249 compared to 2013), largely for the contracts for the upgrading of the fleet of 25 AW101 Merlin helicopters in the context of the Merlin Life Sustainment programme (MLSP) and for the five-year maintenance and support on the fleet of Apache AH Mk1 helicopters, both for the British Ministry of Defence. These new orders led to an increase in *Aerospace and Defence* (up €mil. 1,175) over the previous year, despite the decline in *Aeronautics* (€mil. 268), that in the first half of 2013 had benefitted from an order of 50 series on the B787 programme. New orders also showed an increase in *Transportation* (up €mil. 980 compared to 2013), substantially as a result of the acquisition by Ansaldo STS and AnsaldoBreda of orders on the project relating to the driverless metro in Lima, Peru, for an overall amount of USD 1.2 billion.

Consequently, the **order backlog** showed an increase compared to 31 December 2013, with a book-to-bill above 1 (1.10). The order backlog, considered in terms of its workability, ensures over two and a half years of equivalent production for the Group.

In line with expectations, **revenues** of the *Aerospace and Defence* fell compared with 2013 due to the cuts in Defence budgets, mainly in USA, which led to a €mil. 189 reduction in revenues in *Defence* *and Security Electronics*, only partially offset by higher revenues in *Aeronautics* (€mil. 123), mainly due to growth in the production rates for the Boeing 787 programme.

The drop in revenues, and in particular the costs recognised in relation to a single contract account for a reduction in the **EBITA** of DRS compared to June 2013, which, together with the Joint Ventures' worse result by €mil. 22, are behind the worsening of the EBITA of *Aerospace* and *Defence*. Comparison with 2013 also showed a reduction in the EBITA of *Helicopters*, attributable to the income recognised in the first half of 2013 from the closure of the VH-71 programme; excluding this factor, the *Helicopters* result has increased. *Transportation* also improved significantly as a result of lower losses in the *Vehicles* line, with revenues rising and operating results that were positive overall.

EBIT showed a decrease (€mil. 21) compared to 2013, but to a far lesser extent than the reduction in EBITA owing to the lower incidence of non-recurring costs, which had been higher by €mil. 51 million in the first half of 2013, mainly due to the provisions accrued for the *Fyra* programme in the *Transportation* sector.

The **net result**, which was negative for €mil. 39, improved compared to 2013, in spite of the fall in EBIT owing to the lower incidence of financial costs, as a result of a lower loss reported by the other companies valued at equity (other than the strategic JVs) and lower charges for fees (largely related to factoring), as well as of a lower tax burden.

Net capital invested rose compared with 31 December 2013, due to the increase in net working capital as a result of the abovementioned seasonal fluctuation in cash flows.

Free Operating Cash Flow (FOCF) was slightly better than expectations and compared to the first half of 2013, in spite of the enforcement of the guarantees for the Indian contract in the *Helicopters*, which had a significant effect on 2014 for an overall amount of €mil. 256. This negative effect was offset by a lower use of cash in *Defence and Security Electronics* (mainly at SES) and in *Transportation*, thanks to an improvement in *Vehicles*. FOCF, which was negative by €mil. 1,157 overall, reflects the normal seasonal fluctuation in Group cash flows, with payments to suppliers being particularly higher than inflows from customers in the first half of the year. FOCF benefitted from the receipt of dividends from JVs for an overall amount of €mil. 171, showing a significant increase compared to 2013 (equal to €mil. 77) by virtue of the distribution to shareholders of part of the available funds of the companies in Space.

The **Group net debt** (loan and borrowings higher than receivables, cash and cash equivalents) at 30 June 2014 accounted to €mil. 4,840, improving by €mil. 401 compared to €mil. 5,241 at 30 June 2013. The increase, in comparison with the debt posted at 31 December 2013 (€mil. 3,902) is essentially due to the negative effect of the cash flows of the period for €mil. 1,157, offset by the cash-in from Avio of most of the proceeds (€mil. 239) from the sale by the latter of its engine business.

Headcount at 30 June 2014 was 55,690 with a net reduction of 592 employees in comparison with 56,282 employees at 31 December 2013, recorded mainly in *Defence and Security Electronics.*

Financial transactions

In January 2014, the subsidiary Finmeccanica Finance SA seized a favourable opportunity in the capital market to place an additional €mil. 250 on the €mil. 700 bond issue carried out in December 2013. The new bonds, placed solely with Italian and international institutional investors, carry the same conditions as those placed in December 2013. The issue price was equal to 99.564%, higher than that of the 2013 December issue.

All the bond issues of Finmeccanica Finance SA and Meccanica Holdings USA Inc. are irrevocably and unconditionally secured by Finmeccanica, and are given a medium/long-term financial credit rating by the three international rating agencies: Moody's Investors Service (Moody's), Standard and Poor's and Fitch. As of today, Finmeccanica's credit ratings are as follows:

Agency	Last update	Updated		Previous	
		Credit Rating	*Outlook*	*Credit Rating*	*Outlook*
Moody's	September 2013	Ba1	negative	Baa3	negative
Standard&Poor's	January 2013	BB+	stable	BBB-	negative
Fitch	July 2013	BB+	negative	BBB-	negative

Furthermore, on 9 July Finmeccanica renewed its revolving credit facility ahead of schedule, up to 2019.

The new agreement was signed with a pool of Italian and international banks on the following conditions:

- **period of interest:** 1, 2, 3 or 6 months at the borrower's choice;
- **interest rate:** Euribor plus 180 bps spread. This spread could be reduced to a minimum of 75 bps. if Finmeccanica recovers an investment grade credit rating or could be increased to a maximum of 270 bps. if Finmeccanica's debt were given a rating under BB, or if it were given no credit rating at all*;*
- **utilisation fees:** 15 bps, 30 bps and 60 bps according the percentage utilisation, respectively from zero to 33%, up to 66% and over 66%;
- **commitment fees:** 35% of the margin on the portion utilisable at any given time;
- **upfront fees:** 90 bps, 75 bps and 60 bps for the members of the pool on the basis of the amounts of the commitments they have subscribed*.*

Under the new Revolving Credit Facility, Finmeccanica must comply with two financial covenants (Group net debt/EBITDA not higher than 3.75 and EBITDA/Net interest not lower than 3.25) tested annually on the consolidated data at the end of the year.

Industrial transactions

The following documents were signed at the Italy-China Business Forum in Beijing on 11 June 2014:

- a Memorandum of Understanding between AgustaWestland and Beijing Automotive Industrial Corporation ("BAIC"), with a view to potential industrial collaboration in marketing, service and training for public service helicopters;
- an arrangement between Ansaldo STS and United Mechanical and Electrical Co. Ltd regarding the execution of four projects involving the supply of CBTC (Communication Based Train Control) technology-based signalling systems. Ansaldo STS has also signed a Memorandum of Understanding according to which United Mechanical and Electrical Co. Ltd has undertaken to negotiate the contracts relating to other two initiatives.

In *Transportation*, on 24 June 2014, BredaMenarinibus and Enel Distribuzione signed a Memorandum of Understanding having the purpose of starting joint research and study and technological cooperation for the development of solutions and services for the diffusion of electrical transport in the Italian public sector. Specifically, the object of the arrangement is the technological integration of BredaMenarinibus's electric buses and Enel Distribuzione's charging facilities.

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On 29 July, Finmeccanica announced that the Italian Prosecutor has discontinued investigations relating to the contract for 12 AW101 VVIP helicopters signed with the Indian Ministry of Defence in 2010. The Prosecutor specifically acknowledged the non-involvement of Finmeccanica in the alleged wrongdoing, recognizing that that since 2003, Finmeccanica has implemented – and regularly updated – an organizational, management and audit model, sufficient to prevent unlawful conduct, whilst ensuring that significant attention is given to compliance processes in order to uphold the adequate standards of ethics and appropriate conduct.

Furthermore, AgustaWestland S.p.A. and its subsidiary AgustaWestland Ltd., together with the Prosecutor, have agreed to apply for a negligible fine, whilst confirming the appropriateness of their internal control systems and specifically their non-involvement in the misconduct alleged by the Prosecutor. This decision is not in any way an admission of any wrongdoing or liability. The decision to settle with the Prosecutor was taken, in light of the radical reorganization underway within the Finmeccanica Group, to refocus energies on business and market opportunities globally.

OPERATING PERFORMANCE OF THE BUSINESS SECTORS

(Figures in millions of euros)

Helicopters

Companies: **AgustaWestland**

New orders: The first half-year of 2014 saw confirmation of the outstanding commercial performance, with new orders rising by 87% over the first half-year of the previous year, mainly attributable to two important contracts signed with the UK Ministry of Defence: the contract to upgrade the fleet of 25 AW101 Merlin helicopters under the Merlin Life Sustainment Programme (MLSP) and the contract to provide maintenance and support for the fleet of Apache AH Mk1 helicopters for five years. Other acquisitions included the contract for the upgrading of 8 Lynx Mk21A helicopters of the naval Aviation of the Brazilian Navy and various orders for AW139 helicopters, including that for the supply of 6 helicopters for rescue missions in Australia.

Revenues: These were in line with the first half of 2013; the gradual growth in the activities involving the new AW189 helicopter, in relation to which the first two deliveries were made in the second quarter, offset the expected decrease in revenues on the AW139 line.

EBITA: The reduction was attributable to proceeds coming from the closure of the VH-71 programme in the first half of 2013; while excluding this item, the result showed a significant increase as a result of a better profitability of some programmes.

Defence and Security Electronics

Companies: **Selex ES**, **DRS Technologies**

SES

New orders: These showed level of order intake that were higher than those reported in the same period of 2013, as a result of the formalisation of important contracts in domestic and export markets, in particular in the *Airborne and Space Systems* business. These contracts included the renewal of the contract for the Avionics Maintenance Centre (*Centro di Manutenzione Avionica*, CMA) for the Eurofighter Typhoon aircraft of the Italian Air Force and the supply of avionic radars for 60 Gripen aircraft of the Swedish Air Force.

Revenues: These were substantially in line with 2013. The increased activities in the sectors of *Land and Naval Systems,* which benefitted from the start of some important programmes acquired at the end of 2013, and *Airborne and Space Systems*, offset the slowdown recorded in the *Security & Smart Systems* division, in particular in relation to the activities for the customer Russian Post Offices.

EBITA: This item showed an improvement as a result of the benefits associated with the ongoing restructuring plan and of lower R&D activities carried out in the period. The performance reported in the half-year also confirmed the gradual recovery of margins in the *Security & Smart Systems* division, the result of which had been penalised by the review of the estimates of some programmes (mainly ATC) in the same period of 2013.

DRS

New orders: These were higher than in 2013 as a result of the good performance of the *Global Enterprise Solutions* line. The most significant acquisitions included a supply contract with the US Army relating to ground and satellite telecommunication services in support of the armed forces engaged in operational areas.

Revenues: There was a decrease, which was attributable to the expected cut in the US Defence budget, and mainly to fewer deliveries of products in the *Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance* business line.

EBITA: In spite of the significant savings coming from the efficiency-improvement and streamlining actions in progress, the result was affected by the costs associated with some technical issues arising from a programme of the *Training, Control, Avionics & Irregular Warfare* business line in relation to the development and production of a cargo handling and transport system for aircraft. This has entailed a review of the assumptions for the recoverability of some investments made in terms of non-recurring developments and activities, as well as an increase in the estimated cost for the production of the systems in question. The costs accounted for on this programme, together with the expected decline in revenues, have entailed a marked decline in profitability compared to the first half of 2013.

Aeronautics

Companies: **Alenia Aermacchi, GIE-ATR (*), Alenia Aermacchi North America, SuperJet International (*)**

(*) As a consequence of the new accounting standards on consolidation effective from 1 January 2014, the JVs are consolidated using the 'Equity Method".

New orders: The decline is mainly due to fewer new orders in the *civil* segment, especially relating to the B787 programme, which received new orders for 50 units in the first quarter of 2013, and for aerostructures. In the *military* segment, a decline was recorded which was due to defence and transport aircraft and which was partially offset by the order for the supply of 8 M346 aircraft and logistic support to the Polish Ministry of Defence.

Revenues: significant increase in revenues during the first half-year, exceeding both forecasts and the figure reported in the same period of 2013, spurred in particular by the increase in production rates for the B787 programme, for which deliveries equivalent to 56 fuselage sections and 43 horizontal stabilisers (32 fuselages and 39 stabilisers delivered in the first half-year of 2013) were made. The increased production rates led to a level of 10 units per month for fuselage sections in March and allowed 32 deliveries in the second quarter. Furthermore, work continued for improving efficiency and strengthening the production rates achieved so as to meet the 120 deliveries expected in 2014. For ATR aircraft 45 fuselages have been produced, compared with 35 in the first half-year of 2013. The increase in revenues for defence aircraft in the *military* segment offset the decline in activity on transport aircraft and special versions.

EBITA: A slight improvement was recorded which was due to higher margins in the *military* segment, in particular for military aircraft.

Space (*)

Companies: **Telespazio, Thales Alenia Space**

(*) As a consequence of the new accounting standards on consolidation effective from 1 January 2014, the JVs are consolidated using the 'Equity Method".

The first half of 2014 was characterised by the launch of the *Athena Fidus* satellite and by the subsequent telemetry operations and tests for checking the correct operation of on-board equipment, as well as by the installation of the network and mission control centre at the Fucino site. *Athena Fidus* is a satellite system for broadband communication services for military and civil/government use, developed by the Italian Space Agency (ASI) and by the *Centre National d'Etudes Spatiales* (CNES) under the frame of cooperation agreements signed by the two Agencies and the Italian and French Ministries of Defence.

Excluding the revenues generated by the launch of the satellite, the production volumes developed in the half-year were substantially in line with those recorded in 2013. In line with expectations, EBITA recorded a decline as a result of the costs associated with the restructuring plan launched by Thales Alenia Space at the beginning of 2014.

Defence Systems

Companies: **Oto Melara, WASS, MBDA (*)**

(*) As a consequence of the new accounting standards on consolidation effective from 1 January 2014, the JVs are consolidated using the 'Equity Method".

New orders: The decrease affected the *land, sea and air weapons systems* segment and the *underwater systems* segment. New orders during the period included a contract for light torpedoes from a Navy in the Mediterranean area, two orders from a Navy in the Far East relating to integration activities for heavy torpedoes and to countermeasures systems and logistics contracts from various countries.

Revenues: A decrease was recorded in particular in the *underwater systems* associated with the gradual completion of some programmes.

EBITA: There was a decrease attributable to *missile systems* and *underwater systems*, which were affected by lower revenues and charges relating to the settlement of a dispute.

With regard to *missile systems,* in line with expectations, the performance of the half-year recorded a significant decrease in profitability due to the completion of deliveries for an important, profitable programme in the Middle East.

Transportation

Companies: **Ansaldo STS, AnsaldoBreda, BredaMenarinibus**

New orders: These showed a significant increase compared to the first half of 2013, in particular for the acquisition of the project relating to the driverless metro in Lima, in Peru, from both Ansaldo STS and AnsaldoBreda; as regards the latter, also note the exercise by the Milan Ferrovie Nord of options for additional trains for regional transport services.

Revenues: These showed an increase which was mainly due to AnsaldoBreda and in particular to the production ramp-up on the ETR1000 and Milan Expo metro programmes, as well as to the revenues from the newly-acquired trains for regional transport services.

EBITA: There was an increase which was mainly attributable to AnsaldoBreda, the result of which, in addition to enjoying higher revenues, had been particularly penalized, in the first half of 2013, by additional costs and contract charges on some programmes.

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The officer in charge of the company's financial reporting, 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 press release corresponds to the accounting records, books and supporting documentation.

RECLASSIFIED INCOME STATEMENT						
€mil.	1H 2014	1H 2013 (*)	*Chg. % y/y*	2Q 2014 (unaudited)	2Q 2013 (*)(unaudited)	*Chg. % y/y*
Revenues	**6,557**	**6,630**	**(73)**	**3,611**	**3,531**	**80**
Purchases and personnel expense	(5,923)	(5,984)	*61*	(3,199)	(3,162)	*(37)*
Amortisation and depreciation	(288)	(262)	*(26)*	(171)	(134)	*(37)*
Other net operating income/(expense)	(32)	(17)	*(15)*	(80)	(13)	*(67)*
Equity-accounted strategic JVs	37	59	*(22)*	37	43	*(6)*
EBITA	**351**	**426**	**(75)**	**198**	**265**	**(67)**
EBITA Margin	*5.4%*	*6.4%*	*(1.0) p.p.*	*5.5%*	*7.5%*	*(2.0) p.p.*
Impairment	-	-	-	-	-	-
Non-recurring income/(expenses)	*(28)*	*(79)*	*51*	*(28)*	*(79)*	*51*
Restructuring costs	(62)	(64)	*2*	(40)	(54)	*14*
Amortisation of intangible assets acquired as part of business combinations	(41)	(42)	*1*	(21)	(21)	-
EBIT	**220**	**241**	**(21)**	**109**	**111**	**(2)**
EBIT Margin	*3.4%*	*3.6%*	*(0.2) p.p.*	*3.0%*	*3.1%*	*(0.1) p.p.*
Net financial income/ (expense)	(209)	(245)	*36*	(111)	(143)	*32*
Income taxes	(50)	(66)	*16*	(25)	(40)	*15*
Net result before extraordinary transactions	**(39)**	**(70)**	***31***	**(27)**	**(72)**	***45***
Net result related to discontinued operations and non-ordinary transactions	-	8	*(8)*	-	4	*(4)*
Net result	**(39)**	**(62)**	**23**	**(27)**	**(68)**	**41**
attributable to the owners of the parent	**(62)**	(79)	**17**	**(41)**	(79)	**38**
attributable to non-controlling interests	*23*	*17*	**6**	*14*	*11*	**3**
EPS (EUR)						
Basic and Diluted	(0.107)	(0.137)	*0.030*	(0.071)	(0.137)	
EPS from continuing operations (EUR)						
Basic and Diluted	(0.107)	(0.150)	*0.043*	(0.071)	(0.143)	

(*) Figures restated as a result of the adoption of IFRS 11.

RECLASSIFIED BALANCE SHEET		
€mil.	**30.06.2014**	**31.12.2013 (*)**
Non-current assets	12,044	12,185
Non-current liabilities	(3,145)	(3,165)
Capital assets	**8,899**	**9,020**
Inventories	4,865	4,754
Trade receivables	7,648	7,254
Trade payables	(11,301)	(11,524)
Working capital	**1,212**	**484**
Provisions for short-term risks and charges	(727)	(1,007)
Other net current assets (liablities)	(864)	(916)
Net working capital	**(379)**	**(1,439)**
Net invested capital	**8,520**	**7,581**
Equity attributable to the Owners of the Parent	3,378	3,381
Equity attributable to non-controlling interests	302	298
Equity	**3,680**	**3,679**
Group Net debt/(cash)	**4,840**	**3,902**

(*) Dati comparativi *restated* per recepire gli effetti dell'adozione dell'IFRS 11.

CASH FLOW		
€mil.	**6 mesi 2014**	**6 mesi 2013 (*)**
Funds From Operations (FFO) (**)	**420**	**580**
Changes in working capital	(1,151)	(1,368)
Cash flow from ordinary investing activities	(426)	(408)
Free operating cash flow (FOCF)	**(1,157)**	**(1,196)**
Strategic transactions	**239**	**0**
Change in other investing activities	(16)	(42)
Net change in loans and borrowings	138	457
Dividends paid	(19)	(18)
Net increase/(decrease) in cash and cash equivalents	**(815)**	**(799)**
Cash and cash equivalents at 1 January	**1,455**	**1,870**
Exchange rate gain/losses and other movements	11	(17)
Cash and cash equivalents at 30 June	**651**	**1,054**

(*) Figures restated as a result of the adoption of IFRS 11.

(**) Includes dividends received from unconsolidated companies.

FINANCIAL POSITION		
€mil.	**30.06.2014**	**31.12.2013(*)**
Bonds	4,606	4,305
Bank debt	575	544
Cash and cash equivalents	(651)	(1,455)
Net bank debt and bonds	**4,530**	**3,394**
Fair value of the residual portion in portfolio of Ansaldo Energia	(120)	(117)
Current loans and receivables from related parties	(145)	(125)
Other current loans and receivables	(75)	(61)
Current loans and receivables and securities	**(340)**	**(303)**
Hedging derivatives in respect of debt items	(5)	(9)
Effect of transactions involving Fyra contract	86	86
Related-party loans and borrowings	487	629
Other loans and borrowings	82	105
Group net debt	**4,840**	**3,902**

(*) Figures restated as a result of the adoption of IFRS 11.

EARNINGS PER SHARE			
	1H 2014	**1H 2013**	***Chg. % y/y***
Average shares outstanding during the reporting period (in thousands)	578,118	578,118	*(0)*
Earnings/(losses) for the period (excluding non-controlling interests) (€ million)	(62)	(79)	*17*
Earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	(62)	(87)	*25*
Earnings/(losses) - discontinued operations (excluding non-controlling interests) (€ million)	-	8	*(8)*
BASIC AND DILUTED EPS (EUR)	**(0.107)**	**(0.137)**	***0.030***
BASIC AND DILUTED EPS from continuing operations	**(0.107)**	**(0.150)**	***0.043***

1H 2014 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Eliminations/ Other	Tot. A&D	Transportation	Eliminations	Tot. Transportation	Eliminations	Total
New orders	2,685	2,093	1,004	-	78	(105)	5,755	1,426	21	1,447	(18)	**7,184**
Order backlog	12,590	8,529	7,342	-	1159	(693)	28,927	8,701	224	8,925	(199)	**37,653**
Revenues	2,041	2,154	1,379	-	230	(195)	5,609	921	79	1,000	(52)	**6,557**
EBITA	**263**	**-**	**74**	**17**	**26**	**(55)**	**325**	**25**	**1**	**26**	**-**	**351**
EBITA margin	*12.9%*		*5.4%*	*n.a.*	*11.3%*	*n.a.*	*5.8%*	*2.7%*	*n.a.*	*2.6%*	*n.a.*	***5.4%***
EBIT	**245**	**(79)**	**57**	**17**	**25**	**(66)**	**199**	**20**	**1**	**21**	**-**	**220**
Amortisation and depreciation	49	132	105	-	6	26	318	10	1	11	-	**329**
Investments	127	66	153	-	4	26	376	9	1	10	-	**386**
Research and development	215	291	136	-	22	1	665	28	1	29	-	**694**
Workforce (no.)	13,038	22,412	11,171	-	1,518	569	48,708	6,395	587	6,982	-	**55,690**

1H 2013(*) (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Eliminations/ Other	Tot. A&D	Transportation	Eliminations	Tot. Transportation	Eliminations	Total
New orders	1,436	1,824	1,272	-	186	(138)	4,580	459	8	467	(7)	**5,040**
Order backlog (31/12/2013)	11,834	8,485	7,716	-	1320	(790)	28,565	8,213	281	8,494	(228)	**36,831**
Revenues	2,041	2,343	1,256	-	249	(150)	5,739	850	87	937	(46)	**6,630**
EBITA	**282**	**72**	**69**	**24**	**50**	**(55)**	442	**(17)**	**1**	(16)		**426**
EBITA margin	*13.8%*	*3.1%*	*5.5%*	*n.a.*	*20.1%*	*n.a.*	*7.7%*	*(2.0%)*	*n.a.*	*(1.7%)*	*n.a.*	***6.4%***
EBIT	**275**	**(19)**	**60**	**24**	**50**	**(57)**	**333**	**(92)**	**-**	**(92)**		**241**
Amortisation and depreciation	69	124	69	-	5	26	293	11	-	11		**304**
Investments	112	82	188	-	6	16	404	9	-	9		**413**
Research and development	211	325	129	-	28	1	694	24	1	25		**719**
Workforce (no.) (31/12/2013)	13,121	22,851	11,157	-	1,531	544	49,204	6,540	538	7,078		**56,282**

(*) Figures restated as a result of the adoption of IFRS 11.

Key performance of SES and DRS

	New Orders	Revenues	EBITA	ROS %
SES (€mil.) June 2014	1,399	1,554	47	3.0%
SES (€mil.) June 2013	1,180	1,546	26	1.7%
DRS ($mil.) June 2014	951	828	(64)	(7.8%)
DRS ($mil.) June 2013	851	1,051	60	5.7%

2Q 2014 (EUR million)	**Helicopters**	**Defence Electronics and Security**	**Aeronautics**	**Space**	**Defence Systems**	**Eliminations/ Other**	**Tot. A&D**	**Transportation**	**Eliminations**	**Tot. Transportation**	**Eliminations**	**Total**
New orders	1,171	1,362	572	-	45	(63)	3,087	1,204	14	1,218	(17)	**4,288**
Revenues	1,138	1,240	728	-	127	(119)	3,114	487	42	529	(32)	**3,611**
EBITA	**151**	**(16)**	**46**	**10**	**23**	**(36)**	**178**	**19**	**1**	**20**	**-**	**198**
EBITA margin	*13.3%*	*(1.3%)*	*6.3%*	*n.a.*	*18.1%*	*n.a.*	*5.7%*	*3.9%*	*n.a.*	*3.8%*	*n.a.*	***5.5%***
EBIT	**135**	**(63)**	**35**	**10**	**22**	**(47)**	**92**	**16**	**1**	**17**	**-**	**109**
Amortisation and depreciation	25	83	62	-	4	12	186	5	1	6	-	**192**
Investments	61	37	88	-	2	14	202	5	1	6	-	**208**
Research and development	111	169	71	-	10	1	362	14	1	15	-	**377**

2Q 2013(*) (EUR million)	**Helicopters**	**Defence Electronics and Security**	**Aeronautics**	**Space**	**Defence Systems**	**Eliminations/ Other**	**Tot. A&D**	**Transportation**	**Eliminations**	**Tot. Transportation**	**Eliminations**	**Total**
New orders	530	1,080	504	-	101	(106)	2,109	318	4	322	(4)	**2,427**
Revenues	1,093	1,226	691	-	125	(87)	3,048	457	37	494	(11)	**3,531**
EBITA	**170**	**45**	**44**	**20**	**29**	**(31)**	277	**(13)**	**1**	(12)	**-**	**265**
EBITA margin	*15.6%*	*3.7%*	*6.4%*	*n.a.*	*23.2%*	*n.a.*	*9.1%*	*(2.8%)*	*n.a.*	*(2.4%)*	*n.a.*	***7.5%***
EBIT	**165**	**(18)**	**35**	**20**	**29**	**(33)**	**198**	**(87)**	**-**	**(87)**	**-**	**111**
Amortisation and depreciation	35	60	38	-	3	14	150	5	-	5	-	**155**
Investments	67	40	112	-	3	9	231	5	-	5	-	**236**
Research and development	125	168	70	-	15	1	379	13	-	13	-	**392**

(*) Figures restated as a result of the adoption of IFRS 11.