

## **Finmeccanica: the Board of Directors approves the Half-Year Financial Report at 30 June 2015**

- **Very satisfactory results, in line with the achievement of the objectives set for the full year and for the 2015-2019 Industrial Plan**
- **EBITA +45% and EBIT +93% compared to first half 2014**
- **Net result before extraordinary transactions positive EUR 91 million, compared to negative 61 million in first half of 2014.**

**Rome, 30 July 2015** – 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 2015.

There was considerable improvement in both the business and financial performance in the first half of 2015, compared to the corresponding period of 2014. More specifically, Finmeccanica reported considerably improved profitability, with EBITA up almost 50% on the first half of 2014, an EBIT that nearly doubled and a net profit of €mil. 111, compared to a net loss of €mil. 39 a year earlier.

This performance, along with the agreement with Hitachi to dispose the *Transportation* sector (preparation for the closing of the transaction– scheduled for the second half of the year - continues), appears to be consistent with the development targets and reinforcement efforts set out in the 2015-2019 Industrial Plan.

The results for the first half of 2015, which no longer include the contribution of the operations in the *Transportation* sector as they are now separately classified among discontinued operations, show:

- **New orders:** amounted to **EUR 5,539 million**, above expectations. The decline as compared to the same period of 2014, lower than expected also thanks to the positive impact of the forex, is attributable to significant extraordinary orders last year in *Helicopters* and *Aeronautics*.
- **Order backlog:** amounting to **EUR 29,303 million**, ensures about two and a half years of equivalent production for the Group.
- **Revenues:** amounted to **EUR 5,973 million**, +4.6% compared to first half 2014.
- **EBITA: positive EUR 450 million**, significantly improved (+45%) compared to positive 310 million of first half 2014. Even excluding the expense in 2014 of about \$mil. 100, relating to a specific DRS programme, there is still a significant improvement over the same period of last year as a result of the benefits connected with the efficiency-enhancement and cost reduction plans launched in previous years. ROS at 7.5%, 210 bps higher than last year.
- **EBIT: positive EUR 351 million**, +93% compared to positive 182 million of first half 2014.

**Finmeccanica** is Italy's leading manufacturer in the high technology sector and ranks among the top ten global players in Aerospace, Defence and Security. Listed on the Milan Stock Exchange (FNC IM; SIFI.MI), in 2014 Finmeccanica generated revenues of 14.6 billion Euro. With 273 locations and production facilities in 20 countries, Finmeccanica is a multinational and multicultural group which boasts a significant presence in four markets: Italy, the United Kingdom, the U.S. and Poland. Finmeccanica's core business activities are in the following sectors: Helicopters (AgustaWestland), Defence Electronics and Security (Selex ES, DRS Technologies), Aeronautics (Alenia Aermacchi). The company also has a significant position in Space (Telespazio, Thales Alenia Space), Defence Systems (OTO Melara, WASS, MBDA) and Transportation (Ansaldo STS, AnsaldoBreda).

- **Net result before extraordinary transactions (without considering the activities of the Transportation sector under disposal): positive EUR 91 million**, compared to negative 61 million in first half 2014.
- **Net result: positive EUR 111 million**, compared to negative 39 million of first half 2014.
- **Group Net Debt including discontinued operations: amounted to EUR 4,802 million**, improved by 38 million compared to 4,840 million at 30 June 2014, notwithstanding the negative foreign exchange differences on debts denominated in sterling and US dollar. The increase, in comparison with EUR 3,962 million at 31 December 2014, was essentially due to the negative effect of the cash flows of the period, reflecting the typical seasonality in the Group's performance.
- **Free Operating Cash Flow (FOCF): negative EUR 743 million**, improved by 288 million compared to negative 1,031 million of first half 2014. The latter was negatively impacted by the enforcement of the guarantees for the Indian contract in the *Helicopters* sector (€mil. 256), partially offset by higher dividends received from the joint ventures.

**It should be noted that the Group figures at 30 June 2015 (except for net result and workforce) no longer include the contribution of operations in the Transportation sector to be transferred under the agreement with Hitachi, which are now only shown under “discontinued operations” and “assets and liabilities held for sale”. Therefore, the income statement and cash flow figures for June 2014 have been restated for comparative purposes, while Group Net Debt at 31 December 2014, in accordance with IFRS 5, includes such operations and has not been restated.**

<b>Group (Euro million)</b>	<b>1H 2015</b>	<b>1H 2014 (*)</b>	<b>Chg.</b>	<b>Chg. %</b>	<b>FY 2014 (*)</b>
<b>New orders</b>	5,539	5,794	(255)	(4.4%)	12,667
<b>Order backlog</b>	29,303	29,328	(25)	(0.1%)	29,383
<b>Revenues</b>	5,973	5,709	264	4.6%	12,764
<b>EBITA (**)</b>	450	310	140	45.2%	980
<b>ROS</b>	7.5%	5.4%	2.1 p.p.		7.7%
<b>EBIT (***)</b>	351	182	169	92.9%	597
<b>Net result before extraordinary transactions</b>	91	(61)	152	n.a.	15
<b>Net result</b>	111	(39)	150	n.a.	20
<b>Group Net Debt including discontinued operations</b>	4,802	4,840	(38)	(0.8%)	3,962
<b>Group Net Debt excluding discontinued operations</b>	4,990	5,040	(50)	(1.0%)	4,255
<b>FOCF</b>	(743)	(1,031)	288	27.9%	65
<b>ROI</b>	11.0%	7.9%	3.1 p.p.		12.7%
<b>ROE</b>	4.5%	(3.4%)	7.9 p.p.		0.4%
<b>Workforce (no.)</b>	53,393	55,690	(2,297)	(4.1%)	54,380

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations.

(\*\*)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).

**Given the fact that the disposal of the Transportation sector essentially allows us to complete the strategic process of better focusing on the Aerospace and Defence sector, there is no longer the need to show the results of the Aerospace and Defence sector separately from those of the Transportation sector. The remaining non-core activities (FATA and the other Transportation sector operations remaining in the Group's portfolio) are reported under "Other activities".**

<b>1H 2015</b> <i>(Euro million)</i>	<b>New orders</b>	<b>Order backlog</b>	<b>Revenues</b>	<b>EBITA</b>	<b>ROS %</b>
Helicopters	2,257	12,652	2,114	260	12.3%
Defence and Security Electronics	2,600	9,230	2,378	116	4.9%
- of which: DRS	898	1,749	765	44	5.7%
- of which: SES	1,703	7,493	1,620	72	4.4%
Aeronautics	691	6,884	1,414	86	6.1%
Space	-	-	-	22	n.a.
Defence Systems	189	982	209	31	14.8%
Other activities	9	280	144	(65)	(45.1%)
Eliminations	(207)	(725)	(286)	-	n.a.
<b>Total</b>	<b>5,539</b>	<b>29,303</b>	<b>5,973</b>	<b>450</b>	<b>7.5%</b>

<b>1H 2014 (*)</b> <i>(Euro million)</i>	<b>New orders</b>	<b>Order backlog</b>	<b>Revenues</b>	<b>EBITA</b>	<b>ROS %</b>
Helicopters	2,685	12,249	2,041	263	12.9%
Defence and Security Electronics	2,093	8,765	2,154	-	n.a.
- of which: DRS	694	1,499	604	(47)	(7.7%)
- of which: SES	1,399	7,285	1,554	47	3.0%
Aeronautics	1,004	7,730	1,379	74	5.4%
Space	-	-	-	17	n.a.
Defence Systems	78	1,005	230	26	11.3%
Other activities	47	374	190	(70)	(36.8%)
Eliminations	(113)	(740)	(285)	-	n.a.
<b>Total</b>	<b>5,794</b>	<b>29,383</b>	<b>5,709</b>	<b>310</b>	<b>5.4%</b>

<b>Change %</b>	<b>New orders</b>	<b>Order backlog</b>	<b>Revenues</b>	<b>EBITA</b>	<b>ROS %</b>
Helicopters	(15.9%)	3.3%	3.6%	(1.1%)	(0.6) p.p.
Defence and Security Electronics	24.2%	5.3%	10.4%	n.a.	4.9 p.p.
- of which: DRS	29.4%	16.7%	26.7%	n.a.	13.4 p.p.
- of which: SES	21.7%	2.9%	4.2%	53.2%	1.4 p.p.
Aeronautics	(31.2%)	(10.9%)	2.5%	16.2%	0.7 p.p.
Space	n.a.	n.a.	n.a.	29.4%	n.a.
Defence Systems	n.a.	(2.3%)	(9.1%)	19.2%	3.5 p.p.
Other activities	(80.9%)	(25.1%)	(24.2%)	7.1%	(8.3) p.p.
Eliminations	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total</b>	<b>(4.4%)</b>	<b>(0.3%)</b>	<b>4.6%</b>	<b>45.2%</b>	<b>2.1 p.p.</b>

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations

	\$ mil	New orders	Revenues	EBITA	ROS %
DRS 1H 2015		1,002	854	49	5.7%
DRS 1H 2014		951	828	(64)	(7.7%)

### Main figures of the second quarter of 2015

- **New Orders:** amounted to **EUR 2,898 million**, -6.6% compared to the second quarter of 2014.
- **Revenues:** amounted to **EUR 3,319 million**, +5% compared to the second quarter of 2014.
- **EBITA:** **positive EUR 293 million**, +73% compared to positive EUR 169 million of the second quarter of 2014.
- **EBIT:** **positive EUR 241 million**, significantly improved compared to EUR 81 million of the second quarter of 2014.
- **Net result before extraordinary transactions:** **positive EUR 87 million**, compared to negative EUR 46 million of the second quarter of 2014.
- **Free Operating Cash Flow (FOCF):** **positive EUR 137 million**, 86 million higher than the 51 million of the second quarter of 2014.

### Outlook

Based upon the results reported by the Group at 30 June 2015 and the expectations for the following quarters, we confirm the outlook for the entire year as presented in the 2014 Annual Report.

### Analysis of the main figures of the first half of 2015

**New orders** were down compared to the first half of 2014 due to the decline reported in **Helicopters** and **Aeronautics**, which benefited from major extraordinary orders from the UK Ministry of Defence and from Poland for eight M346 trainers in the first half of 2014. This reduction was partially offset by the significant increase reported in **Defence and Security Electronics** by both DRS (+ €mil. 204), thanks especially to the beneficial impact of the US dollar/euro exchange rate and the receipt of an order for a vehicle surveillance system from the Canadian army, and by SES (+ €mil. 304), mainly due to significant orders for naval systems under Italian national programmes, which also benefited **Defence Systems**.

The **book-to-bill** ratio was higher than expected, amounting to 0.93.

**Revenues** rose over the corresponding period of 2014 by €mil. 264, mainly attributable to the appreciation of the US dollar and the pound sterling against the euro, benefiting **Defence and Security Electronics** (especially DRS), and, to a lesser extent, **Helicopters**.

All the profitability indicators also showed solid improvement, with significant growth in **EBITDA** (+24% over the first half of 2014), **EBITA** (+45%) and operating profitability (+2.1 p.p. at 7.5% from 5.4%), resulting from the forecast improvement in the profitability of certain business areas and the benefits associated with the ongoing restructuring plans.

There was also an even greater improvement in **EBIT** (+93%), despite a slight increase in amortisation associated with business combinations (due to exchange rate differences) as a result of the lesser impact of restructuring costs and non-recurring items.

The **Net result before extraordinary transactions** showed a profit and represents a marked improvement (net profit of €mil. 91 compared to a net loss of €mil. 61 in the first half of 2014), due to the mentioned rise in EBIT.

The **Net result** amounted to €mil. 111 (compared to a net loss of €mil. 39 in the corresponding period of 2014) and reflects the results posted in the *Transportation* sector for operations classified among discontinued operations as a result of the agreement signed with Hitachi, for which an overall profit of €mil. 20 (€mil. 22 in the corresponding period of 2014) was reported.

Cash flows in the first half of 2015 improved considerably over the corresponding period of 2014, which was severely affected by the enforcement of the guarantees (€mil. 256) for the Indian contract in **Helicopters** (only partially offset by higher dividends received from the joint ventures), with a more widespread improvement across all sectors. Overall, **FOCF**, in line with the usual seasonal fluctuation in Group cash flows, was negative by €mil. 743 (negative by €mil. 1,031 in the first half of 2014).

The **Group net debt including discontinued operations** (loans and borrowings higher than receivables, cash and cash equivalents) at 30 June 2015 accounted to €mil. 4,802, slightly improving compared to June 2014. If compared to the debt posted at 31 December 2014 (€mil 3,962), the €mil. 840 increase reflects the usual cash absorption during the first months of the year.

**Workforce** at 30 June 2015 was 53,393 with a net reduction of 987 employees compared to 54,380 at 31 December 2014.

### **Rationalisation of company portfolio and disposals**

On 24 February 2015, Finmeccanica reached an agreement with the Japanese group Hitachi for the sale of Finmeccanica's businesses in the rail transport sector, described in more detail in the 2014 Annual Report. Once the customary conditions for these types of transactions are met, Finmeccanica will receive a payment of around €mil. 800, subject to a price adjustment. Once the transaction is completed, Hitachi will launch, as required by the applicable legislation, a takeover bid for the remainder of Ansaldo STS (approximately 60% of the share capital).

### **Financial transactions**

In January 2015, the process of replacing Finmeccanica Finance SA with Finmeccanica S.p.A. as the issuer of outstanding bonds was completed. The operation was approved in November 2014 as part of the process of gradually centralising all Group financial activities within Finmeccanica S.p.A. As of today, Finmeccanica S.p.A. is the issuer of all the bonds denominated in euros and pound sterling placed on the market under the Euro Medium Term Notes Programme (EMTN). Finmeccanica S.p.A. also continues to guarantee all the bonds issued by Meccanica Holdings USA, Inc. on the US market.

Following the Board of Directors resolution on 27 October 2014, on 5 May 2015 Finmeccanica has signed the 12-months renewal of the *Euro Medium Term Note Programme* (EMTN), keeping unchanged at €bil. 4 the maximum amount.

On 6 July 2015, in order to take advantage of favourable market conditions and the industrial efficiency-enhancement actions undertaken, as well as the Group's improvement economic and financial outlook, Finmeccanica signed an agreement with the providers amending the terms of the Revolving Credit Facility obtained in July 2014. The new terms envisage reducing the margin from 180 bps to 100 bps. In line with the Group's financial needs, Finmeccanica has simultaneously reduced the total amount of the credit line from €bil. 2.2 to €bil. 2 and has extended the duration by one year, to July 2020.

On 8 July 2015, Finmeccanica announced an offer to holders of its euro-denominated bonds to tender their bonds for repurchase (Tender Offer) in an effort to make the best use of the proceeds

from the disposals in the Transportation sector and thereby reduce the outstanding gross debt and the associated financial charges. The operation, worth a total nominal amount of €mil. 450, was carried out at the market values for the individual bonds, plus a premium to encourage investors to tender their bonds. It was structured so as to maximise the financial return, giving priority to those bonds whose net present value (NPV) was such so as to ensure that the saving on financial charges would exceed the initial repurchase cost. The operation was successfully completed on 20 July 2015 and overall will ensure a significant saving on financial charges in the future.

The recalculated nominal values of the notes repurchased are as follows:

Year of issue	Maturity	Currency	Nominal amount outstanding at 30 June 2015 (mil.)	Annual coupon	Nominal amount outstanding at 20 July 2015 (mil.)
2009	2019	GBP	400	8.000%	319
2013	2021	EUR	950	4.500%	739
2009	2022	EUR	600	5.250%	555
2012	2017	EUR	600	4.375%	521

Outstanding bond issues are given a medium/long-term financial credit rating by the three international rating agencies: *Moody's Investors Service* (Moody's), *Standard & Poor's* and *Fitch*.

At the date of presentation of this report, Finmeccanica's credit ratings, compared to those preceding the last change, were as follows:

Agency	Last update	Updated		Previous	
		Credit Rating	Outlook	Credit Rating	Outlook
Moody's	September 2013	Ba1	negative	Baa3	negative
Standard&Poor's	April 2015	BB+	stable	BB+	negative
Fitch	May 2015	BB+	stable	BB+	negative

## OPERATING PERFORMANCE OF THE BUSINESS SECTORS

### Helicopters

Company: **AgustaWestland**

The first half of 2015 saw, with regard to commercial performance, some decline in new orders compared to first half 2014, when there was an important level of contracts signed. It also reflects the concurrent difficulty in finalising new orders because of the crisis presently affecting certain reference markets, also in relation to the performance of the Oil&Gas sector, and the expected reduction in orders for AW139 aircraft. In the first half of 2015 we obtained a five-year contract from the UK Ministry of Defence to provide logistic support and maintenance for the fleet of AW101 Merlin helicopters.

With respect to the new AW189 and AW169, although the ramp-up in production has proceeded at a slower pace than expected, in the first quarter FAA validation for the EASA certification issued in 2014 was received and EASA certification was obtained in July.

Although slightly lower than for the same period of 2014, due to a less favourable mix of activities, profitability remained at excellent levels.

## Defence and Security Electronics

Companies: **Selex ES, DRS Technologies**

### SES

In the first half of the year, commercial performance was excellent as a result of important new orders reported in the second quarter, including the contracts with the Italian Navy to outfit a landing helicopter dock (LHD) as part of the recently introduced programme to modernize the fleet and the order for the final two FREMMs (European multipurpose frigates).

The Revenues growth was attributable to the favourable impact of pound sterling/euro exchange rates and slight increase in revenues for the *Airborne and Space Systems* Division. A considerable increase in EBITA was due to the gradual recovery in profitability in certain business areas in *Security and Information Systems*, which had reported problems in the past, as well as the benefits associated with the restructuring plan and the efforts to improve engineering efficiency, which led to considerable savings in the costs of corporate structures and an improved industrial performance.

### DRS

Performance in the first half of the year was positive overall and confirmed the signs seen in the first months of the year. The increase in New Orders over 2014 is mainly attributable to the receipt of the order from the Canadian Army under the Light Armoured Vehicle - Reconnaissance Surveillance System (LRSS) programme while higher production volumes in the *Maritime & Combat Support* segment have more than offset the decline in deliveries of infra-red products and systems to the US Army.

The significant improvement in EBITA, which had been penalised in the second quarter of last year by expenses of around \$mil. 100 associated with a specific programme, is also attributable to the benefits arising from streamlining actions in various business lines and the efficiency-enhancement efforts introduced in previous years, in addition to improved profitability in the *Training & Control Systems* business line.

## Aeronautics

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

(\*) *JVs are consolidated using the "Equity Method".*

In the first six months New Orders were down reflecting order levels for ATR aerostructures and M346 aircraft, which benefited last year from the receipt of sizable orders, including that from Poland for eight M346 aircraft and related logistic support.

The first half of 2015 saw continued production on the B787 programme, with 62 fuselage sections and 37 horizontal stabilisers being delivered during the period (compared to 56 fuselage sections and 43 horizontal stabilisers delivered in the first half of 2014), and an increase in production of the M346 programme, with eight aircraft delivered to the Italian Air Force and to Israel (two aircraft delivered in the first half of 2015).

The improvement in EBITA is attributable to the higher result posted by the GIE consortium, which also benefited from the appreciation of the US dollar against the euro and higher volumes of activity on training aircraft, which more than offset the lower contribution from military and transport aircraft.



## Space (\*)

Companies: **Telespazio, Thales Alenia Space**

*(\*) JVs are consolidated using the "Equity Method".*

During the first half of 2015, activities continued on orders for commercial and military satellite communications services, as well as on geo-information and Earth observation solutions, with volumes essentially the same as those for last year. There was, however, an increase in activity on manufacturing programmes, including Iridium, Cosmo, Gokturk and Exomars 2016 and 2018.

The higher profitability of satellite services led to better results than those posted in the first half of 2014, while the less favourable mix of activity in manufacturing was offset by lower restructuring costs as compared to the same period of 2014.

## Defence Systems

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

*(\*) JVs are consolidated using the "Equity Method".*

The initial signs of a recovery in orders were seen in the first half of 2015, with orders up compared to the same period of 2014, in land, sea and air weapons systems (Major new orders include those for the Italian FREEM programme, the initial orders under the new Naval Law and logistics contracts from various countries). There was a continuing fall in production due specifically to the expected decline in activity on land, sea and air weapons systems. EBITA increased solidly due to the improved profitability of the underwater systems and the increase in deliveries by the missile systems reported during the period.

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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 5, of the Consolidated Law on Finance, that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.

## RECLASSIFIED INCOME STATEMENT

	1H 2015	1H 2014 (*)	Chg. YoY	2Q 2015 (unaudited)	2Q 2014 (*) (unaudited)	Chg. YoY
<i>€mil.</i>						
<b>Revenues</b>	<b>5,973</b>	<b>5,709</b>	<b>264</b>	<b>3,319</b>	<b>3,161</b>	<b>158</b>
Purchases and personnel expense	(5,265)	(5,122)	(143)	(2,894)	(2,781)	(113)
Other net operating income/(expense)	(39)	(31)	(8)	(31)	(78)	47
Equity-accounted strategic JVs	69	37	32	57	37	20
<b>EBITDA</b>	<b>738</b>	<b>593</b>	<b>145</b>	<b>451</b>	<b>339</b>	<b>112</b>
Amortisation and depreciation	(288)	(283)	(5)	(158)	(170)	12
<b>EBITA</b>	<b>450</b>	<b>310</b>	<b>140</b>	<b>293</b>	<b>169</b>	<b>124</b>
<i>EBITA Margin</i>	7.5%	5.4%	2.1 p.p.	8.8%	5.3%	3.5 p.p.
Non-recurring income/(expenses)	(6)	(28)	22	(6)	(28)	22
Restructuring costs	(45)	(59)	14	(22)	(39)	17
Amortisation of intangible assets acquired as part of business combinations	(48)	(41)	(7)	(24)	(21)	(3)
<b>EBIT</b>	<b>351</b>	<b>182</b>	<b>169</b>	<b>241</b>	<b>81</b>	<b>160</b>
<i>EBIT Margin</i>	5.9%	3.2%	2.7 p.p.	7.3%	2.6%	4.7 p.p.
Net financial income/ (expense)	(197)	(210)	13	(95)	(111)	16
Income taxes	(63)	(33)	(30)	(59)	(16)	(43)
<b>Net result before extraordinary transactions</b>	<b>91</b>	<b>(61)</b>	<b>152</b>	<b>87</b>	<b>(46)</b>	<b>133</b>
Net result related to discontinued operations and non- ordinary transactions	20	22	(2)	13	19	(6)
<b>Net result</b>	<b>111</b>	<b>(39)</b>	<b>150</b>	<b>100</b>	<b>(27)</b>	<b>127</b>
<i>attributable to the owners of the parent</i>	86	(62)	148	85	(41)	126
<i>attributable to non-controlling interests</i>	25	23	2	15	14	1
<b>EPS (EUR)</b>						
<i>Basic and Diluted</i>	0.149	(0.107)	0.256	0.147	(0.071)	0.218
<b>EPS from continuing operations (EUR)</b>						
<i>Basic and Diluted</i>	0.157	(0.105)	0.262	0.150	(0.079)	0.229

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations

## RECLASSIFIED BALANCE SHEET

	30.06.2015	31.12.2014 Reported	31.12.2014 Pro forma	30.06.2014 Pro forma
	€mil.			
Non-current assets	12,448	12,518	12,143	11,715
Non-current liabilities	(3,470)	(3,434)	(3,378)	(3,100)
<b>Capital assets</b>	<b>8,978</b>	<b>9,084</b>	<b>8,765</b>	<b>8,615</b>
Inventories	4,808	4,578	4,318	4,614
Trade receivables	6,580	7,676	6,255	6,520
Trade payables	(10,132)	(11,705)	(10,201)	(10,054)
<b>Working capital</b>	<b>1,256</b>	<b>549</b>	<b>372</b>	<b>1,080</b>
Provisions for short-term risks and charges	(681)	(749)	(739)	(713)
Other net current assets (liabilities)	(1,063)	(1,082)	(1,035)	(878)
<b>Net working capital</b>	<b>(488)</b>	<b>(1,282)</b>	<b>(1,402)</b>	<b>(511)</b>
<b>Net invested capital</b>	<b>8,490</b>	<b>7,802</b>	<b>7,363</b>	<b>8,104</b>
Equity attributable to the Owners of the Parent	3,859	3,511	3,511	3,378
Equity attributable to non-controlling interests	359	343	343	302
<b>Equity</b>	<b>4,218</b>	<b>3,854</b>	<b>3,854</b>	<b>3,680</b>
<b>Group Net Debt</b>	<b>4,990</b>	<b>3,962</b>	<b>4,255</b>	<b>5,040</b>
<b>Net (assets)/liabilities held for sale</b>	<b>(718)</b>	<b>(14)</b>	<b>(746)</b>	<b>(616)</b>

## CASH FLOW

	1H 2015	1H 2014 (*)
	€mil.	
<b>Funds From Operations (FFO) (**)</b>	<b>516</b>	<b>406</b>
Changes in working capital	(942)	(1,016)
Cash flow from ordinary investing activities	(317)	(421)
<b>Free operating cash flow (FOCF)</b>	<b>(743)</b>	<b>(1,031)</b>
Strategic transactions	-	239
Change in other investing activities	(23)	(2)
Net change in loans and borrowings	135	28
Dividends paid	-	(1)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(631)</b>	<b>(767)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1,495</b>	<b>1,455</b>
Exchange rate gain/losses and other movements	37	9
Cash and cash equivalents at 1 January of discontinued operations	(290)	-
Net increase in cash and cash equivalents of discontinued operations	-	(46)
<b>Cash and cash equivalents at 30 June</b>	<b>611</b>	<b>651</b>

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations

(\*\*) Includes dividends received from unconsolidated companies.

## OTHER PERFORMANCE INDICATORS

	1H 2015	1H 2014 (*)	Chg. YoY
Research and development expenses	644	666	(3.3%)
Net Interest	(158)	(153)	(3.3%)

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations

FINANCIAL POSITION					
	€ mil.	30.06.2015	31.12.2014 Reported	31.12.2014 Pro forma	30.06.2014 Pro forma
Bonds		4,873	4,761	4,761	4,606
Bank debt		506	472	465	570
Cash and cash equivalents		(611)	(1,495)	(1,205)	(505)
<b>Net bank debt and bonds</b>		<b>4,768</b>	<b>3,738</b>	<b>4,021</b>	<b>4,671</b>
Fair value of the residual portion in portfolio of Ansaldo Energia		(127)	(124)	(124)	(120)
Current loans and receivables from related parties		(151)	(161)	(131)	(140)
Other current loans and receivables		(127)	(45)	(58)	(50)
<b>Current loans and receivables and securities</b>		<b>(405)</b>	<b>(330)</b>	<b>(313)</b>	<b>(310)</b>
Hedging derivatives in respect of debt items		(27)	(24)	(24)	(5)
Effect of transactions involving Fyra contract		-	41	41	86
Related-party loans and borrowings		502	431	429	487
Other loans and borrowings		152	106	101	111
<b>Group net debt</b>		<b>4,990</b>	<b>3,962</b>	<b>4,255</b>	<b>5,040</b>

EARNINGS PER SHARE			
	1H 2015	1H 2014 (*)	Chg. YoY
Average shares outstanding during the reporting period (in thousands)	578,118	578,118	-
Earnings/(losses) for the period (excluding non-controlling interests) (€ million)	86	(62)	148
Earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	91	(61)	152
Earnings/(losses) - discontinued operations (excluding non-controlling interests) (€ million)	(5)	(1)	(4)
<b>BASIC AND DILUTED EPS (EUR)</b>	<b>0.149</b>	<b>(0.107)</b>	<b>0.256</b>
<b>BASIC AND DILUTED EPS from continuing operations</b>	<b>0.157</b>	<b>(0.105)</b>	<b>0.262</b>

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations

1H 2015 (Euro million)	Helicopters	Defence Electronics and Security	- of which		Aeronautics	Space	Defence Systems	Other activities	Eliminations	Total
			DRS	- of which SES						
New orders	2,257	2,600	898	1,703	691	-	189	9	(207)	<b>5,539</b>
Order backlog	12,652	9,230	1,749	7,493	6,884	-	982	280	(725)	<b>29,303</b>
Revenues	2,114	2,378	765	1,620	1,414	-	209	144	(286)	<b>5,973</b>
<b>EBITA</b>	<b>260</b>	<b>116</b>	<b>44</b>	<b>72</b>	<b>86</b>	<b>22</b>	<b>31</b>	<b>(65)</b>	-	<b>450</b>
<i>EBITA margin</i>	12.3%	4.9%	5.7%	4.4%	6.1%	<i>n.a.</i>	14.8%	(45.1%)	<i>n.a.</i>	<b>7.5%</b>
<b>EBIT</b>	<b>254</b>	<b>57</b>			<b>71</b>	<b>22</b>	<b>30</b>	<b>(83)</b>	-	<b>351</b>
Amortisation and depreciation	49	128			120	-	4	26	-	<b>327</b>
Investments	98	75			126	-	4	7	-	<b>310</b>
Workforce (no.)	12,676	21,312			10,772	-	1,474	7,159	-	<b>53,393</b>

1H 2014(*) (Euro million)	Helicopters	Defence Electronics and Security	- of which		Aeronautics	Space	Defence Systems	Other activities	Eliminations	Total
			DRS	- of which SES						
New orders	2,685	2,093	694	1,399	1,004	-	78	47	(113)	<b>5,794</b>
Order backlog	12,249	8,765	1,499	7,285	7,730	-	1,005	374	(740)	<b>29,383</b>
Revenues	2,041	2,154	604	1,554	1,379	-	230	190	(285)	<b>5,709</b>
<b>EBITA</b>	<b>263</b>	-	<b>(47)</b>	<b>47</b>	<b>74</b>	<b>17</b>	<b>26</b>	<b>(70)</b>	-	<b>310</b>
<i>EBITA margin</i>	12.9%	<i>n.a.</i>	(7.7%)	3.0%	5.4%	<i>n.a.</i>	11.3%	(36.8%)	<i>n.a.</i>	<b>5.4%</b>
<b>EBIT</b>	<b>245</b>	<b>(79)</b>			<b>57</b>	<b>17</b>	<b>25</b>	<b>(83)</b>	-	<b>182</b>
Amortisation and depreciation	49	132			105	-	5	29	-	<b>320</b>
Investments	127	66			153	-	4	30	-	<b>380</b>
Workforce at 31.12.2014 (no.)	12,850	21,927			10,932	-	1,472	7,199	-	<b>54,380</b>

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations

2Q 2015 (Euro million)	Helicopters	Defence Electronics and Security	- of which		Aeronautics	Space	Defence Systems	Other activities	Eliminations	Total
			DRS	- of which SES						
New orders	909	1,649	395	1,255	362	-	113	4	(139)	<b>2,898</b>
Revenues	1,190	1,346	409	940	754	-	119	75	(165)	<b>3,319</b>
<b>EBITA</b>	<b>148</b>	<b>86</b>	<b>28</b>	<b>58</b>	<b>52</b>	<b>21</b>	<b>28</b>	<b>(42)</b>	-	<b>293</b>
<i>EBITA margin</i>	12.4%	6.4%	6.8%	6.2%	6.9%	<i>n.a.</i>	23.5%	(56.0%)	<i>n.a.</i>	<b>8.8%</b>
<b>EBIT</b>	<b>144</b>	<b>56</b>			<b>44</b>	<b>21</b>	<b>27</b>	<b>(51)</b>	-	<b>241</b>
Amortisation and depreciation	27	75			60	-	2	13	-	<b>177</b>
Investments	46	41			72	-	3	3	-	<b>165</b>

2Q 2014(*) (Euro million)	Helicopters	Defence Electronics and Security	- of which		Aeronautics	Space	Defence Systems	Other activities	Eliminations	Total
			DRS	- of which SES						
New orders	1,171	1,362	405	956	572	-	45	22	(70)	<b>3,102</b>
Revenues	1,138	1,240	315	928	728	-	127	93	(165)	<b>3,161</b>
<b>EBITA</b>	<b>151</b>	<b>(16)</b>	<b>(57)</b>	<b>41</b>	<b>46</b>	<b>10</b>	<b>23</b>	<b>(45)</b>	-	<b>169</b>
<i>EBITA margin</i>	13.3%	(1.3%)	(18.1%)	4.4%	6.3%	<i>n.a.</i>	18.1%	(48.4%)	<i>n.a.</i>	<b>5.3%</b>
<b>EBIT</b>	<b>135</b>	<b>(63)</b>			<b>35</b>	<b>10</b>	<b>22</b>	<b>(58)</b>	-	<b>81</b>
Amortisation and depreciation	25	83			62	-	3	15	-	<b>188</b>
Investments	61	37			88	-	2	18	-	<b>206</b>

(\*) Figures restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations