Internationalisation

Driving success by executing our goals
Key Markets

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Driving success by executing our goals
Finmeccanica has important growth targets

- Ambitious organic growth targets need special attention to:
  - Technology
  - Product
  - Market

- Integration of these three elements will be a key success factor

Finmeccanica revenues

€bn

- 2006A: 12.5
- 2010E: 16.5

CAGR
Exports rise from 52% in 2006 to 61% in 2010 driving organic growth

- Organic growth driven by a steady export rise
- Steady orders from domestic markets
- Preliminary evaluation of 2010 order intake confirms the trend of organic growth driven mainly by export markets

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (€bn)</th>
<th>Export (€bn)</th>
<th>Domestic (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006A</td>
<td>15.5 (52%)</td>
<td>8 (52%)</td>
<td>7.5 (48%)</td>
</tr>
<tr>
<td>2008E</td>
<td>17</td>
<td>9.5 (56%)</td>
<td>7.5 (44%)</td>
</tr>
<tr>
<td>2010E</td>
<td>19</td>
<td>11.5 (61%)</td>
<td>7.5 (39%)</td>
</tr>
</tbody>
</table>
Exports are also improving long-term commercial position and backlog

- In recent years new orders, mostly led from exports, constantly outperformed revenues.
- This trend is confirmed in years > 2009.
- Long term commercial position will be more solid and, in the future, backlog position will improve year after year.
Continued exposure to defence market and balanced order portfolio

While maintaining a balanced and diversified order portfolio, Finmeccanica maintains continued exposure to defence markets and firm focus on Aerospace, Defence & Security.
The Pillars of Finmeccanica approach to internationalisation

• **Participation in main international programmes** through long term partnership (B787, RRJ, EFA, JSF, NH 90, FREMM, Russian Railways,...)

• **“State-of-the-art” own offerings and products** in key segments (C27J, M346, AW 139, EH101, VTMS, E-scan Radars, Tetra, Law Enforcement, Cosmo Skymed, Railways Signalling, …)

• **Innovative business models** with growing relevance in value propositions of:
  – **life-cycle value added services** (ex. Aeronautics, Helicopters, Energy, …)
  – **integrated offerings** (Malaysia, other on-going opportunities, …)

• **Effective international commercial strategy:**
  – Focus on key selected markets
  – Strengthen **worldwide presence** (new offices)

• **Distinctive approach to industrial cooperation in emerging countries:**
  – **Technology and knowledge sharing** as a commercial KSF
  – **Finmeccanica** acknowledged as a main **counterpart** with **cross-selling opportunities** within Group companies
Organisation is the KEY to managing the internationalisation

• The new Department (Technical, Industrial and Commercial Dep.) has been created to improve grip on three dimensions:
  – Industrial & Technology
  – Product & Offering
  – Commercial & Marketing

• The mission is to address product development, engineering and delivery to better fit with markets and client needs

• Focus of the activities of TIC Dep.:
  – To maintain the organic growth of the orders exploiting the advantage of business and management scale embedded in the Corporate approach (Finmeccanica as a “single Group”)
  – To manage the industrial growth of the Group consistently with the commercial expansion on the international markets
  – To devote to a particular attention on the issue of “costs optimisation” extracting the potential industrial and product policy benefits of the current companies structure.
Our internationalisation priorities…

- Consolidation of **Domestic Markets** (Italy & UK).
- **USA**: leveraging on **multiple actions** according to **specific opportunities** in **different businesses** to establish **local footprints**
- Intensification of commercial actions and promotion of Finmeccanica commercial offers in **RoW markets** by expanding in:
  - **“Large” Markets**: Russia, India and China:
    - Pursuing **cooperation agreements** with **local partners** to facilitate our access
  - **Consolidating markets**: Greece, Malaysia, Turkey, East Europe:
    - Leveraging on commercial achievements and **industrial partnership** to **further consolidate** our presence
  - **High potential growth markets**: Northern Africa, Arabic Gulf Countries, Australia, Japan, Singapore, South Korea:
    - Exploiting **opportunities in medium/large markets under development/evolution**
### Recent achievements and opportunities in some key markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Achievements</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>US101, JCA, Seasprey, Law Enforcement, ....</td>
<td>CSAR-X, C-27J special vers., Radar and EW, ....</td>
</tr>
<tr>
<td>Russia</td>
<td>AW109/119/139, Tetra, P/L TLC Sat, Gas Turbines, Postal Automation</td>
<td>SuperJet100, Helicopters, ATC, Hom. Sec., Tetra, Rolling Stock, Signaling Systems, ....</td>
</tr>
<tr>
<td>India</td>
<td>ATR, ATC and Naval Radar, Torpedoes, Signaling Systems,</td>
<td>C-27J, Helicopters, Ground and ATC Radar, Comm. Syst, Naval Syst, ....</td>
</tr>
<tr>
<td>Turkey</td>
<td>A129, Naval Guns, ATR72 ASW</td>
<td>Eurofighter, Border Control, Port Protection, TLC Satellite</td>
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<tr>
<td>Malaysia</td>
<td>ATR, MB339, Naval Guns</td>
<td>ATR72 ASW, Radar &amp; ATC, VTMS, Comm. Syst. ,.....</td>
</tr>
<tr>
<td>UAE</td>
<td>AW139, Naval Systems, Naval Guns, TLC Satellite</td>
<td>M-346, M-311, C-27J, ATR72 ASW, Naval Systems, WI-MAX,.....</td>
</tr>
</tbody>
</table>
The strengthening of the Corporate Foreign Offices Structure

Finmeccanica is progressively increasing its worldwide network of foreign commercial offices as a logical step to foster its internationalisation.

Local offices main activities for Corporate and operating companies:
- Coordination of operating companies
- Intelligence about new programmes
- Support in relationship with Institutions
- Commercial activity “on field”

Already operational
Opening soon
UK Defence Model

Alberto de Benedictis
Chief Executive
Finmeccanica UK

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Good news?

UK Government’s Pre-Budget Report and Comprehensive Spending Review October 2007, “Meeting the aspirations of the British people”, Section 8 - UK MOD:

– The 07CSR continues the longest period of sustained real increases in MOD expenditure in almost 3 decades by providing for 1.5% average real growth over the next 3 years 2010-11 with total planned defence spending rising from £32.6bn in 07-08 to £36.9bn by 2010-11
The reality – the military environment and requirements

- Unpredictability – ever-changing military scenarios
- Commitment to current multiple engagements
- Consequences for the defence industry
  - Shorter planning and delivery timescales
  - Special relationships within industry and with customer
- Defence market perimeter expanding – Homeland Security
Finmeccanica in the UK

Committed to the UK defence industry
Finmeccanica – shaping UK defence
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