



FINMECCANICA

**Finmeccanica First Quarter 2011
Results Presentation**

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- **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 programme 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; programme performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; our ability to achieve or realise savings for our customers or ourselves through our global cost-cutting programme and other financial management programmes; 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.**

1Q 2011 Financial Highlights vs 1Q 2010

- ⇒ Revenues at €3.9bn
- ⇒ EBITA Adj at €215mln
- ⇒ ROS at 5.6%

- ⇒ Net profit at €7mln
- ⇒ Proposed dividend of 41 Eurocents per share equal to last year
- ⇒ FOCF up 10% to €(998)mln
- ⇒ Net debt down to €4bn from €4.4bn at the end of 1Q2010
- ⇒ Order intake at €3.8bn
- ⇒ Backlog up 6% to a new record of €48bn, equal to 2.5 years of production

Main Financial Results

(Euro mln)	1Q2011	1Q2010	Change	FY2010	
Revenues	3,855	4,039	(5%)	18,695	Slight decrease in Defence Electronics, Aeronautics and Energy
EBITA Adj	215	251	(14%)	1,589	Slight decrease in Aeronautics, Defence Electronics and Energy, partially offset by Helicopters
EBITA Margin Adj	5.6%	6.2%	(0.6) p.p.	8.5%	
Net Income*	0	82	n.s	493	EBITA reduction and increased financial charges, partially offset by taxes reduction
FOCF	(998)	(1,106)	10%	443	
Net Debt	4,051	4,379	(7%)	3,133	
New Orders	3,816	3,742	2%	22,453	Driven by Energy, Aeronautics and Transports
Backlog	48,038	45,460	6%	48,668	Approximately 2.5x revenues

* post minorities

- ✦ 9 March: Finmeccanica signed an agreement with First Reserve Corporation, an American investment firm specializing in the energy sector, for the sale of a 45% stake in Ansaldo Energia, to be completed before the end of first half of 2011
- ✦ 28 March: Finmeccanica announces the merger of Eltag Datamat and SELEX Communications.
 - ✦ The transaction is in line with the plan, launched in 2010, to upgrade industrial assets in Defense and Security Electronics
 - ✦ Is aimed at creating a centre of expertise at Group level in the Information and Communication Technology (ICT), Security, Automation and Telecommunications sectors, to fulfill the increasing demand for complete and integrated ICT solutions and secure network management services
- ✦ 20 April: Finmeccanica has been awarded a contract worth approximately USD 300 million for the aluminium rolling plant that will be located in Sohar, Oman

Confirming our Guidance for 2011



*Free Operating Cash Flow: Operating Cash after investments, net financial charges and taxes

Business Division Review

1Q 2011

- Slight decrease in Revenues due to different product mix: decrease in helicopters (6.9%) YoY, partially offset by increase in product support +4.7% YoY
- EBITA margin increase due to different product mix in revenues
- Orders mainly driven by
 - Military /gov orders (i.e. 10 AW139 Italy)
 - 14 Civil-gov helicopters (i.e. first AW139 for Russian VTB leasing)
- Backlog equal to 2.5 years of production

(Euro mln)	1Q2011	1Q2010	Change	FY 10
Revenues	815	837	(3%)	3,644
EBITA Adj	81	75	8%	413
Margin	9.9%	9.0%	1 p.p.	11.3%
Orders	680	1,146	(41%)	5,982
Backlog	11,848	10,292	(3%)*	12,162

*Change vs. FY 10



1Q2011

- Orders mainly driven by
 - Eurofighter Tr3 radar and avionics together with logistics
 - ATC Ukraine and Malaysia
 - Comms systems for helos, UK defence Fields Telephone Systems and Tetra Russia
 - IT & Security for Italy and Chile
 - Thermal Weapon Sight for US Army and support for USAF Tunner systems
- Slight decrease in revenues mainly due to completion of some US programmes
- Key revenues include
 - Eurofighter DASS, equipment and avionic radars
 - Large systems for defence and security (i.e Forza NEC, Civil Protection and coastal radars)
 - C&C systems for FREMM, MEADS and FADR
 - Tetra and comms for NH90
 - Postal automation
 - Thermal Weapon sights, Bradley upgrade, Mast Mounted Sight, products and services for Rapid Response and Tactical Quiet Generators for US Army
- Slight decrease in EBITA due to decrease in volumes, partially offset by more profitable product mix in avionics and electrooptics

(Euro mln)	1Q2011	1Q2010	Change	FY 10
Revenues	1,343	1,452	(8%)	7,137
EBITA Adj	98	107	(8%)	735
Margin	7.3%	7.4%	(0.1) p.p.	10.3%
Orders	1,213	1,642	(26%)	6,783
Backlog	11,256	12,653	(4%)*	11,747

*Change vs. FY 10



1Q2011

- Order growth due to both civil and military.
- Key military orders include
 - Mid Life Upgrading contract for 25 Italian Tornado
 - Logistics for Eurofighter and C27J
- Key civil orders include
 - 25 ATR, of which 15 for Indonesia and 8 for Australia
 - ATR42MP Italy, B777, A321 and nacelles
- Slight decrease in revenues mainly due to Eurofighter production slowdown

Military revenues include

- C27J
- Eurofighter Tr2 and logistics
- M346 (Italy and Singapore) , G222 and Tornado

Civil revenues include:

- ATR and B787
- B767, B777, A380, A321 and nacelles

- Profitability impacted by decrease in volumes and programme mix (EFA slowdown)

(Euro mln)	1Q2011	1Q2010	Change	FY 10
Revenues	567	592	(4%)	2,809
EBITA Adj	4	34	(88%)	205
Margin	0.7%	5.7%	(5 p.p.)	7.3%
Orders	535	217	147%	2,539
Backlog	8,518	8,604	(1%)*	8,638

*Change vs. FY 10



1Q2011

- Revenues up 13% mainly driven by commercial and military TLC and Earth observation
- Decrease in orders mainly due to manufacturing. Key orders include commercial and institutional/military TLC, Earth Observation and Galileo
- Backlog split: 66% manufacturing, 34% service

(Euro mln)	1Q2011	1Q2010	Change	FY10
Revenues	219	194	13%	925
EBITA Adj	0	0	n.a.	39
Margin	n.a.	n.a.	n.a.	4.2%
Orders	103	208	(50%)	1,912
Backlog	2,519	1,647	(2%)*	2,568

*Change vs. FY 10



1Q2011

- Revenue growth driven by Land& Naval systems (VBM, Hitfist, 76/62 guns, Fremm). Key revenues also include Missiles ((Aster, Mistral, MEADS and customer support) and Torpedoes (Black Shark, MU90, FREMM)
- Decrease in order intake mainly due to Missiles, partially offset by Underwater systems
- Slight decrease in EBITA Adj mainly due to programme mix

(Euro mln)	1Q2011	1Q2010	Change	FY10
Revenues	260	231	13%	1,210
EBITA Adj	12	14	(14%)	107
Margin	4.6%	6.1%	(1.4 p.p.)	8.8%
Orders	119	234	(49%)	1,111
Backlog	3,640	4,013	(4%)*	3,797

*Change vs. FY 10



1Q2011

- Revenues down due to lower production activities in plants and components
- Sharp increase in orders due to major contract win in Turkey for 800MW combined cycle plant
- Profitability impacted by lower volumes

(Euro mln)	1Q2011	1Q2010	Change	FY10
Revenues	266	337	(21%)	1,413
EBITA Adj	21	31	(32%)	145
Margin	7.9%	9.2%	(1.3 p.p.)	10.3%
Orders	730	178	310%	1,403
Backlog	3,763	3,211	14%*	3,305

*Change vs. FY 10



1Q2011

- Order increase driven mainly by Signalling & Systems (Italy, Sweden, Australia) with Milan Metro orders for both Signalling and Vehicles.
- Revenue increase driven by Signalling & Systems (Italy, Turkey, Australia and USA).
- Backlog split: Signalling & Systems (63%) and Vehicles (36%)

(Euro mln)	1Q2011	1Q2010	Change	FY10
Revenues	458	445	3%	1,962
EBITA Adj	22	20	10%	97
Margin	4.8%	4.5%	(2.0 p.p.)	4.9%
Orders	639	330	94%	3,228
Backlog	7,459	5,900	2%*	7,303

*Change vs. FY 10



Appendix

1Q2011 Results – Profit & Loss

CONSOLIDATED PROFIT AND LOSS ACCOUNT			
<i>€mil.</i>	1Q 2011	1Q 2010	Change %
Revenues	3.855	4.039	-5%
Costs for purchases and personnel	(3.497)	(3.647)	
Depreciation and amortisation	(135)	(132)	
Other net operating revenues (costs)	(8)	(9)	
EBITA Adj (*)	215	251	-14%
<i>EBITA Adj (*) margin</i>	5,6%	6,2%	
Non-recurring revenues (costs)			
Restructuring costs	(13)	(2)	
PPA amortisation	(21)	(21)	
EBIT	181	228	-21%
<i>EBIT margin</i>	4,7%	5,6%	
Net finance income (costs)	(119)	(61)	
Income taxes	(55)	(76)	
Net profit before discontinued operations	7	91	-92%
Profit of discontinued operations	-	-	
Net profit	7	91	-92%
<i>Group</i>	-	82	
<i>Minorities</i>	7	9	
EPS (EUR)			
<i>Basic</i>	-	0,141	
<i>Diluted</i>	-	0,141	
EPS of continuing operations (EUR)			
<i>Basic</i>	-	0,141	
<i>Diluted</i>	-	0,141	

(*) 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.

BALANCE SHEET		
<i>€mil.</i>	31.03.2011	31.12.2010
Non-current assets	13.327	13.641
Non-current liabilities	(2.479)	(2.583)
	10.848	11.058
Inventories	4.587	4.426
Trade receivables	9.336	9.242
Trade payables	(12.534)	(12.996)
Working capital	1.389	672
Provisions for short-term risks and charges	(669)	(762)
Other current net assets (liabilities)	(515)	(738)
Net working capital	205	(828)
Net invested capital	11.053	10.230
Capital and reserves attributable to equity holders of the Company	6.720	6.814
Minority interests	283	284
Shareholders' equity	7.003	7.098
Net debt (cash)	4.051	3.133
Net liabilities (assets) held for sale	(1)	(1)

FINANCIAL POSITION		
<i>€mil.</i>	31.03.2011	31.12.2010
Short-term financial payables	347	456
Medium/long-term financial payable	4.347	4.437
Cash and cash equivalents	(769)	(1.854)
BANK DEBT AND BONDS	3.925	3.039
Securities	(26)	(1)
Financial receivables from Group companies	(51)	(34)
Other financial receivables	(779)	(779)
FINANCIAL RECEIVABLES AND SECURITIES	(856)	(814)
Financial payables to related parties	795	714
Other short-term financial payables	88	88
Other medium/long-term financial payables	99	106
OTHER FINANCIAL PAYABLES	982	908
NET FINANCIAL DEBT (CASH)	4.051	3.133

Divisions

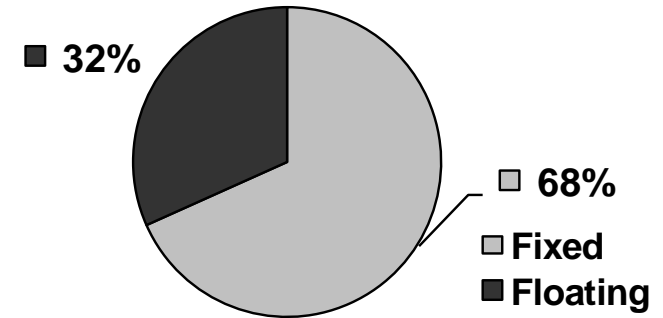
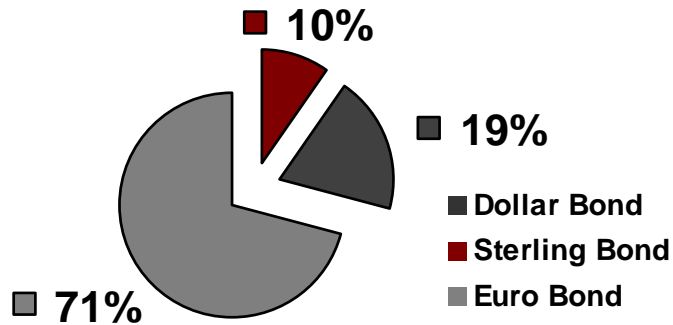


1Q 2011 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	815	1.343	567	219	260	266	458	49	(122)	3.855
EBITA*	81	98	4		12	21	22	(23)		215
EBITA* margin (%)	10,0%	7,3%	0,7%	n.a.	4,6%	7,9%	4,8%	n.a.		5,6%
Depreciation and amortisation	35	53	29	8	7	6	5	13		156
Investment in non-current assets	39	35	50	6	8	6	4	2		150
Research and development costs	77	148	62	19	59	6	13	0		384
New orders	680	1.213	535	103	119	730	639	15	(218)	3.816
Order backlog	11.848	11.256	8.518	2.519	3.640	3.763	7.459	107	(1.072)	48.038
Headcount	13.477	29.102	12.445	4.062	4.098	3.370	7.078	865		74.497

1Q 2010 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	837	1.452	592	194	231	337	445	58	(107)	4.039
EBITA*	75	107	34	0	14	31	20	(30)		251
EBITA* margin (%)	9,0%	7,4%	5,7%	0,0%	6,1%	9,2%	4,5%	n.a.		6,2%
Depreciation and amortisation	31	55	37	7	7	6	6	4		153
Investment in non-current assets	31	45	75	9	7	9	4	1		181
Research and development costs	72	131	76	12	45	7	10			353
New orders	1.146	1.642	217	208	234	178	330	13	(226)	3.742
Order backlog	10.292	12.653	8.604	1.647	4.013	3.211	5.900	139	(999)	45.460
Headcount	14.575	30.003	13.099	3.656	4.043	3.440	7.293	798		76.907

*Operating result before:

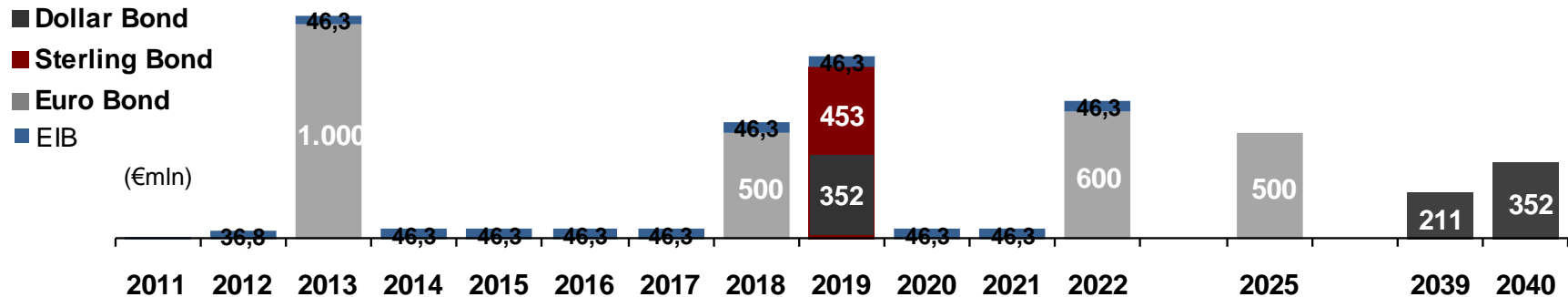
- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.



- ❑ Average Debt Life > 10 years
- ❑ Currently approx. 70-30% fixed vs. floating interest cost
- ❑ Rating: Fitch = **BBB+** Stable Outlook
Moody's = **A3** Stable Outlook
S&P = **BBB** Negative Outlook⁽¹⁾

(1) On 6 December 2010 S&P downgraded FNC rating from BBB with a Stable Outlook to BBB with a Negative Outlook

Long Term Debt Maturity Profile



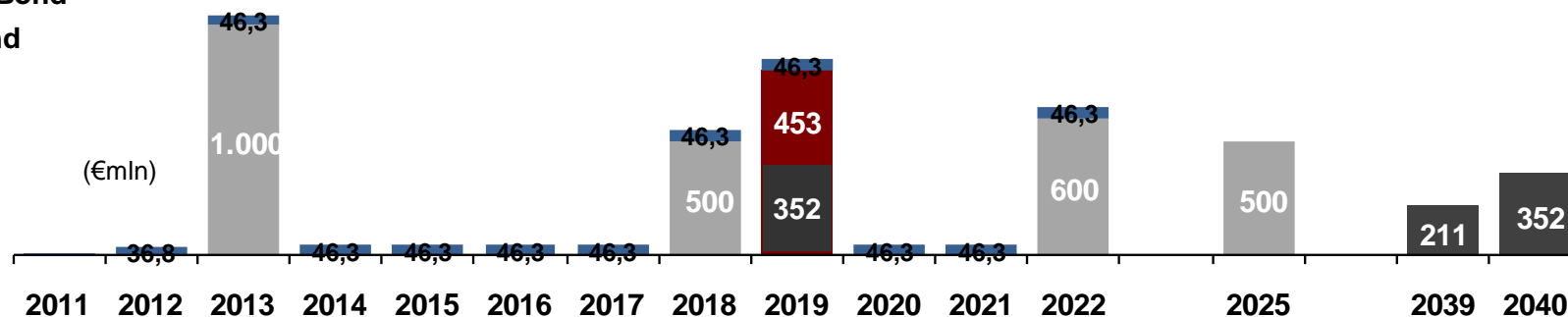
☼ No refinancing needs until end of 2013

☼ Liquidity bank lines consolidated into the €2.4bn Revolving Credit Facility maturing in September 2015

⇒ **No short term refinancing needs and adequate liquidity support**

Long Term Debt Maturity Profile

- Dollar Bond
- Sterling Bond
- Euro Bond
- EIB



Bond

Issuer	Issue Date	Expiry Date	Notional Amount (€m)	Coupon
Finm. Finance - EMTN	2008-2009	Dec-2013	1000	8,125%
Finm. Finance - EMTN	2003	Dec-2018	500	5,75%
Meccanica Holdings USA	2009	July-2019	352	6,25%
Finm. Finance - EMTN	2009	Dec-2019	453	8,0%
Finm. Finance - EMTN	2009	Jan-2022	600	5,25%
Finmeccanica SpA - EMTN	2005	March-2025	500	4,875%
Meccanica Holdings USA	2009	July-2039	211	7,375%
Meccanica Holdings USA	2009	Jan-2040	352	6,25%
Totale			3968	

Available Credit Lines

Cash Credit Lines	Size	Oustanding March 2011	Tenor	Margin (bps)
Revolving Credit Facility	2400	0	Set 2015	75 ⁽¹⁾
Confirmed Credit Lines	50	0	18 months*	120*
Unconfirmed Credit Lines	657	0	18 months*	50-100*
Total	3107	0		
Bank Bonding Lines	Size			
Total	2607			

Loan

	Size	Tenor	Margin
EIB	500	12 - year amortizing ⁽³⁾	79,4bps on 6M Euribor / 3,45% ⁽²⁾

*Average. Expected to be renewed at maturity.

(1) Based on actual rating

(2) Drawn in August 2010 for €200mil at floating rate and €300mil at fixed rate

(3) Of which two years grace period

(4) On 6 December 2010 S&P downgraded FNC rating from BBB with a Stable Outlook to BBB with a Negative Outlook

The amount in GBP and USD are calculated using the exchange rate of 31/03/2011

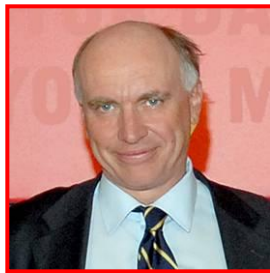
Date	Event
2 March 2011	2010 Full Year Results
29 April and 4 May 2011*	Ordinary shareholders' meeting (first and second call)
29 April – 3 and 4 May 2011*	Extraordinary shareholders' meeting (first, second and third call)
28 April 2011	First Quarter 2011 Results
27 July 2011	First Half 2011 Results
3 November 2011	Third Quarter 2011 Results

* based on the information received to date, there is reason to believe that the **ORDINARY and EXTRAORDINARY SHAREHOLDERS' MEETING** will take place on **4 May 2011, second and third call respectively at 10,30 a.m, in Rome**

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